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TODAY: STYLE Focus on Cannes, Pages 10-20

They Fooled Most People Most of the Time

Indonesia Gold Rush Apparently Was Set Off by a Hoax

Compiled by Our Staff From Dispatches

OTTAWA — A small Canadian mining company's claim of making the richest gold strike on earth was a hoax "without precedent in the history of mining," an independent consulting company has found.

Bre-X Minerals Ltd., which turned many of its penny-stock investors in Canada and the United States into paper millionaires with its claim of a huge gold find in the jungles of Borneo, tampered with laboratory samples to support its claim, the independent report said.

Strathcona Mineral Services of Toronto released its findings on the site known as Busang to the Indonesian government Sunday. It was the latest turn in a tale already has amassed mystery and intrigue, including the death of the geologist responsible for the discovery and a mysterious fire that destroyed his records.

"The magnitude of the tampering with core samples that we believe has occurred and resulting falsification of assay values at Busang is of a scale and over a period of time and with a precision that, to our knowledge, is without precedent in the history of mining anywhere in the world," Strathcona concluded.

The test results prompted Bre-X's partners in Indonesia and the United States to pull out of the project.

Both PT Nusamba, the Indonesian company headed by Mohamad (Bob) Hasan, one of Indonesia's richest men and President Suharto's confidant, and Freeport McMoRan Copper & Gold Inc. of New Orleans had said their participation was contingent on the independent test results.

David Walsh, the former stock broker who is chairman of Bre-X, said he was devastated by the consultant's report.

"We share the shock and dismay of our shareholders and others that the gold we thought we had at Busang now appears not to be there," he said, adding, "We are determined to gain a full understanding for the shareholders, for Bre-X's business partners and for others, of how the earlier data came to exist."

Mr. Walsh's company already is under investigation by Canadian securities authorities and the Indonesian government and is the target of a half-dozen shareholder civil lawsuits in Canada and the United States.

Bre-X's announcement in October 1995 that it had found potentially the largest gold deposit on earth sent its stock soaring from 2.05 Canadian dollars ($1.48) a share to more than 250 dollars by mid-1996, when the shares split 10-for-1. Bre-X said then that the Busang site contained up to 200 million ounces (5.6 million kilograms) of gold, worth billions of dollars.

Those who sold while the stock was still soaring became millionaires. Among them were Mr. Walsh, his wife, Jeanette, and the company's chief geologist, John Felderhof, who is now vice chairman. Se-

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Mukhtar Zakaria/The Associated Press

Bob Hasan as he withdrew Monday from the Busang gold mine project: "It is all business."

Britain Signals New Era With EU

Labour Vows To Embrace Social Laws

Compiled by Our Staff From Dispatches

BRUSSELS — In the first encounter with its European Union partners, Britain's new Labour government vowed Monday to put into effect Europe-wide social laws that its predecessor had scorned as a killer of British jobs.

But Douglas Henderson, Britain's European affairs minister, also issued reservations about European integration, staking out minimalist positions akin to those of the previous Conservative government.

He was the first British official to attend EU talks since Tony Blair's Labour Party routed John Major's Conservatives in Thursday's elections.

Mr. Henderson said Mr. Blair wanted to shun Mr. Major's strident tactics and bring negotiations to reform the European Union to a conclusion by mid-June as planned.

"One of the most important priorities we have identified is to make a fresh start to Britain's relations with the rest of the EU and draw a line under the recent past," he told his counterparts from the other 14 EU nations.

"Europe, for the new British Government, is an opportunity, not a threat," he said.

He said Britain wanted to end its self-imposed exclusion from the Social Protocol, an annex to the 1992 European Union treaty through which EU nations put into effect social legislation across the Union.

Mr. Henderson said Britain would accept more majority voting, give the European Parliament a bigger say in EU decision-making and back an "employment chapter" in the EU treaty to force governments to do better in job creation.

But he signaled no differences between his government and Mr. Major's in other key areas, suggesting that a smooth end to the debate on revamping the EU was not near.

Mr. Henderson outlined these reservations about the EU mirroring those of the Major government:

- Britain will insist on running its own border controls and won't agree to make the EU responsible for Europe-wide justice, asylum and immigration.
- Britain will not give a blank check to the idea of letting some EU members integrate faster without others being able to stop them.
- Foreign policy cannot become an EU policy but must remain inter-governmental. Britain rejects gradually bringing the Western European Union, a European defense group, into the EU.
- The European Commission needs to be more "effective," but Britain wants to retain the right to send at least two officials to the EU executive that now has 20 members.

On the Social Protocol, which is also called the "social chapter," Mr. Henderson said, "We will be pursuing with vigor our signing up procedures."

To date, only two social laws have been made Europe-wide: one guaranteeing unpaid parental leave after the birth of children, another setting up worker-management councils in multinational companies.

(Reuters, AFP)

Martyn Hayhow

Bound for Downing Street: Moving day at Mr. Blair's home Monday.

Germans See Need to Find New Path but Resist Change

By Alan Cowell
New York Times Service

BONN — Imagine a nation whose conservative leaders are well into their second decade of uninterrupted power and whose opponents cling to the past while the world moves on to the free-market free-for-all and the global economy.

Britain before "New Labour"? Maybe.

But nowhere else in Europe does that loose description seem quite so apposite as in Helmut Kohl's Germany. And nowhere else have Britain's elections last week evoked quite the same uneasy resonance as in Germany, where many people sense a need for similar change, but remain fearful of undertaking it.

NEWS ANALYSIS

The parallels, of course, are imperfect. Chancellor Kohl has been in office for more than 14 years — Britain's Conservatives were in power for 18 — without undertaking, or wishing for, anything like the harsh revolution of British Thatcherism.

And his principle adversaries, the opposition Social Democrats, have shown themselves equally reluctant to abandon the principles of what they call the social state, or to entrust their future to a younger, more forceful generation in the way Britain's Labour Party has done.

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Hong Kong's Next Ruler Draws Line on Dissent

By Keith B. Richburg
Washington Post Service

HONG KONG — Tung Chee-hwa, who as chief executive will run this territory after July 1, on Monday defended his plans to place new restrictions on political parties and on the right to stage demonstrations as necessary to prevent Hong Kong from sliding into the kind of social problems and breakdown of order that plagued the United States in the 1960s.

Mr. Tung also laid out in greater detail than before his view of what types of public protests will be prohibited under his administration, warning that any rallies advocating independence for Tibet, Taiwan or Hong Kong would be proscribed.

In an interview with American and British journalists, Mr. Tung said Hong Kong was still "a very peaceful society" and "a very law-abiding society."

But, he added, "the most important thing is to make sure it stays that way."

"I lived in America during the '60s," Mr. Tung said. "I saw what happened with the slow erosion of authority, and the society became less orderly than is desirable."

He said he certainly did not want to see this happen in Hong Kong.

Asked whether he thought Hong Kong had already become too liberal in its laws, he replied, "I think if we are not careful, we are moving slowly in that direction."

Mr. Tung insisted that he was concerned only about the welfare of Hong Kong's 6.5 million residents, and that it was his responsibility to keep the territory free from any internal instability or meddling by outsiders, be they foreign political parties using cash to manipulate local politics, or intelligence agencies operating here, like the Central Intelligence Agency, Britain's MI-6 or Taiwanese spies.

He said he was "going to take a look at what needs to be done" about foreign espionage in Hong Kong, after seeing reports in Chinese-language newspapers about foreign intelligence agents operating here.

He said that it would fall to his administration to ferret out foreign spies, and that China's ubiquitous Public Security Bureau would have no role to play in the territory after July 1.

Mr. Tung said that he had no interest in trying to "stifle people from demonstrating," and that public protests — which now occur on an almost daily basis on issues ranging from protection of illegal immigrants to the curtailment of civil liberties — had now become "part of our culture." But he also made clear

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A Bitter Mexico Awaits the Giant

Clinton's Visit Will Seek to Close the Growing Number of Divides

By Molly Moore
and John Ward Anderson
Washington Post Service

MEXICO CITY — The gringo-accented American businessman who introduces himself to radio listeners here as Burton Helms epitomizes all that Mexicans abhor in their northern neighbor: dubious intentions, patronizing arrogance, sly interventionism.

The advertisement — a blatantly nationalistic plea by Mexico's formerly state-run telephone monopoly for customers to shun foreign competitors in the newly privatized telephone market — pokes fun at various U.S. policies considered distasteful to Mexicans, from the Helms-Burton trade sanctions against companies doing business with Cuba to the U.S. drug certification process for foreign countries.

With its buffoonish gringo character, the ad illustrates the conflicting attitudes Mexicans and Americans have toward each other and the complex, often contradictory relationship that is evolving between the two countries.

President Bill Clinton was to arrive here Monday night on the first visit to Mexico of his presidency to find a neighbor that seems ambivalent if not antagonistic toward the often overbearing giant to the north. Governmental relations generally are cordial — and relations between Mr. Clinton and President Ernesto Zedillo seem warm — but feelings are cooler on the streets and in the legislatures.

As the United States and Mexico become more culturally, economically and politically intertwined, they are more divided over immigration and drug trafficking, with resentment building on both sides of the border. While their fortunes often seem nearly insep-

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David Silverman/Agence France-Presse

PROTEST AND OBSERVANCE — An Orthodox Jew distributing pamphlets during two minutes of silence for Holocaust Remembrance Day on Monday in Jerusalem. The anti-Zionist Orthodox protested the occasion.

Rumor Mill Helps Disarm Opposition to Zaire Rebels

By Howard W. French
New York Times Service

KINSHASA, Zaire — Walk the streets of this nervous capital, and you will quickly discover the battle for Kinshasa is well under way. Bullets and bombs are not yet flying, but rumors of the imminent arrival of the rebel leader Laurent Kabila are, and they leave no one indifferent.

After peace talks ended inconclusively late Sunday between Mr. Kabila and the cancer-stricken longtime president of Zaire, Mobutu Sese Seko, in the port city of Pointe-Noire in neighboring Congo, the rumor mill here seemed to spin out of control.

International flights out of Zaire would be suspended beginning Wednesday, said a rich, panic-stricken Zairian afraid of being trapped here by the rebels. Western troops encamped across the river in the Congo would be here before Mr. Kabila's fighters, another story had it.

Worst of all, for those who felt they were guilty by association with the longest-standing African president, was the apparently unfounded rumor, encouraged by tracts floating about the city, that guerrilla units were already in place in Kinshasa.

In a seven-month campaign for power, Mr. Kabila's forces have swept clear across this huge country and are indeed preparing to grab the capital, with its 5 million residents. But like every other battle in what may be remembered as Africa's most lopsided war, for the capture of Kinshasa the rebel leader seems to have selected provocative rhetoric as his weapon of first choice.

Speaking from his southern stronghold of Lubumbashi on Monday morning, Mr. Kabila's opening shots in the siege of Kinshasa came as a direct personal threat to the embattled president: "If Mobutu surrenders power now, I will guarantee his safety and that of his biological family. If not, we will have to chase him away in humiliation."

Mr. Kabila said that his fighters were only 65 kilometers (40 miles) away from the international airport at the eastern edge of Kinshasa and would carry out their threat against the president "within two or three days."

[The U.S. special envoy in the Zaire crisis, Bill Richardson, said Monday that he was pushing for a "soft landing" by the rebels when they enter Kinshasa, Reuters reported from Lubumbashi.

["The objective of my urgent mission is to prepare a soft landing for Mr. Kabila's rebels when they reach Kinshasa, a landing that avoids bloodshed

See ZAIRE, Page 7

No Place to Hide From Ubiquitous TV

By Paul Farhi
Washington Post Service

WASHINGTON — At the New York Hilton Hotel, guests never have to go very far to watch television. In addition to placing TV sets in the bathrooms of every suite, the hotel recently put televisions in its elevators.

"No one ever makes eye contact in an elevator," said Jeanne Datz, a Hilton spokeswoman, "so it breaks up that awkward situation."

In Washington, customers of three First Union Bank branches can watch television while waiting for a teller. Television sets in the lobby carry CNN or the bank's own commercials.

The television is coming to the dentist's chair as well: The latest dental-distraction device is a high-tech television headset that lets patients tune in while having their teeth drilled.

"It's wonderful," said Fred Stepen, a Beverly Hills dentist who works on patients as they watch "Die Hard" or "Braveheart."

It has long been true that televisions are more abundant in American homes than telephones or even hot running water (98 percent of all homes have a television set, compared with 94 percent with a phone and 91 percent with automatic water heaters). But nowadays if you can't come home to your television, the television will follow you.

Television sets lie in wait at the airport, where travelers can watch the CNN Airport Network; at the doctor's office, where the Better Health Network beams news and ads at patients in 1,400 waiting rooms, and at school, where Channel One, a network that mixes

See TV, Page 7

AGENDA

Saudi in Canada Loses Key Ruling

OTTAWA (AP) — Canada's federal court on Monday upheld the government's attempt to deport a Saudi man suspected of having a role in the 1996 bombing that killed 19 U.S. servicemen in Saudi Arabia.

The court said the government had grounds to designate Hani Abdel Rahim Sayegh as a member of a terrorist group. The next step will be an immigration hearing, where that designation will serve as evidence that Mr. Sayegh should not be permitted to stay in Canada.

The Dollar

New York	Monday @ 4 P.M.	previous close
DM	1.7325	1.7295
Pound	1.623	1.622
Yen	126.575	126.595
FF	5.847	5.8353

The Dow

change	Monday close	previous close
+143.29	7214.49	7071.20

S&P 500

change	Monday @ 4 P.M.	previous close
+17.69	830.20	812.51

Big Tobacco Wins

JACKSONVILLE, Florida (Reuters) — A jury found on Monday that R.J. Reynolds Tobacco Co. was not negligent in a wrongful death lawsuit. The jury found that Reynolds was not responsible for making an unreasonably dangerous and defective product.

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The IHT on-line http://www.iht.com

Newsstand Prices

Bahrain	1.000 Din	Malta	55 c.
Cyprus	C. £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 D.Kr.	Oman	1.250 Rials
Finland	12.00 F.M.	Qatar	10.00 Rials
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 Ft
Egypt	E£ 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

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Clearing the Air in Romania / **TV Station Shakes Free**

Legacy of Controlling the Press Dies Hard in Bucharest

By Jane Perlez
New York Times Service

BUCHAREST — On Anca Toada's first day back at her former television station, she received what in the old days would have been a routine though unwelcome telephone call. The parliamentary protocol officer demanded that the nightly news remind legislators to show up for the next day's session.

Miss Toada, once a prominent news anchor who is well known to Romanians, curtly refused.

"I told him television wasn't responsible for keeping the legislature's day book," said Miss Toada, who quit her job as anchor in disgust three years ago and has returned as the national editor for what she hopes will be a new era in broadcast journalism here.

Several months into remolding the news programs on the government-financed television station, Miss Toada, 29, and her boss, Alina Mungiu, 32, are counting the small victories. The big ones are coming hard.

In few other countries in Eastern Europe was television so heavily manipulated by the government, and so much despised by viewers, as in Romania when it was ruled by the Communist dictatorship of Nicolae Ceausescu.

Turgid pictures and droning coverage of the dour Mr. Ceausescu and his iron-fisted wife, Elena, provided much of the fare. Pseudo-cheerful folk dances provided ersatz contrast.

For some heady days during Mr. Ceausescu's violent overthrow in December 1989, it seemed that TV Romania, as the station is known, might become a model of freedom of speech. The news studio broadcast the revolution live. But after a street battle that spilled into the lobby of the station, the forces of another Communist, Ion Iliescu, took over the government — and the station.

For seven years, Mr. Iliescu's television was not much different from Mr. Ceausescu's. So, too, perhaps nowhere else in Eastern Europe had government television changed so little after the fall of communism.

One of the first pledges of the new president, Emil Constantinescu, a staunch anti-communist who defeated Mr. Iliescu last November, was to give TV Romania a free hand.

But Miss Toada and Miss Mungiu are finding that old habits persist. The parliamentary committee in charge of the communications media demanded that all news conferences of political parties be broadcast, no matter how much propagandizing there is.

The New York Times

Andreea Gheorghita, the anchor, left, and Anca Toada, national news editor, preparing for a broadcast. 'A rich television is an independent television. A poor television station can be exploited.'

When Miss Mungiu moved into her corner office soon after Mr. Constantinescu's victory, she discovered a telephone, decorated with a decal of the national emblem. A holdover from communism, it served as a hot line from the presidency and Parliament, an easy way for politicians to badger editors while the news was still on air. In April, in another small victory, the line was finally cut.

Miss Toada, who started as an idealistic young reporter after Mr. Ceausescu's ouster, rose to be the star news reader on TV Romania. She abruptly quit in 1994 when she became so embarrassed by the government propaganda that passed as news that she said she was "ashamed to go out."

"On one occasion, I had to read seven pages from the Foreign Ministry on why they were upset with the Hungarians," she said.

Miss Toada went to France for a while and came back to Romania to work at a small commercial channel. When Miss Mungiu, a prominent anti-Iliescu journalist who recently completed a year's study at Harvard University's government department, was appointed news chief, Miss Toada decided to return to TV Romania with expanded editorial responsibilities, although she still sometimes appears as anchor.

"I returned because public television has to regain its credibility and prestige," she said, as she looked over the story list for the next newscast. (It included coverage of King Michael, who had been barred from entering the country by the previous government.)

For the most part, Miss Mungiu and Miss Toada said, many of the reporters and editors at the station were holdovers from the Ceausescu era, trained to be subservient to the government and, in the cases of some, to report to the domestic intelligence services.

Many viewed their calling in life as keeping Mr. Iliescu in power, or at the very least faithfully reporting his policies, Miss Mungiu said. The station's correspondent covering the Balkan war, for example, invariably appeared on camera wearing a Serbian military uniform. The Iliescu government backed the Serbian leader, Slobodan Milosevic.

But, Miss Mungiu mused, the communist training also taught people to be "very opportunistic." When she took charge at the station, the anti-Milosevic demonstrations in Belgrade had been in full swing for a week, but not a word or picture had appeared on the news here. After Miss Mungiu assigned the reporter to go back to Serbia and cover the protests, he did so, she said, using the same compliant behavior he'd learned in the past.

Extremely low salaries presented another problem: an ingrained tradition of accepting gifts to supplement poor pay.

"There was a big fuss when we said reporters could not accept presents worth more than 10,000 lei" — about $1.25, Miss Toada said.

FOR much of what they want to do — carry live broadcasts, raise salaries — the two editors are hamstrung by limited financing from the government, a legacy from the communist era that is difficult to change as Mr. Constantinescu tries to salvage the economy, Miss Toada said.

"A rich television is an independent television," she said. "A poor television station can be exploited."

For TV Romania, 70 percent of the budget comes from the government and 30 percent comes from viewers' license fees.

Miss Mungiu was able to attract a new face as anchor for the nightly news, a sprightly, 22-year-old computer programmer, Andreea Gheorghita. But the studio where she delivers the news — the same place where the December 1989 battle went on — feels much like a dungeon. The walls are painted black, and the lighting equipment is more than 20 years old. The result does not put Miss Gheorghita in her best light on camera. Some money was actually found in the budget for new cameras.

"They are the latest, and very fine quality, but they are designed for cold light and good makeup," Miss Toada said. "We had hot lights and cheap makeup, which, when you put it on, tends to melt."

Another small victory: the makeup was improved, helping Miss Gheorghita live up to her potential.

Reuniting Holocaust Families

Israeli Broadcast Helps Survivors Find Parents

The Associated Press

JERUSALEM — The young faces of Jewish children separated from their families during the Holocaust stare from faded black-and-white photographs, their true identities unknown.

One is Pnina Gutman, 55, an Israeli nurse who was smuggled out of the Warsaw ghetto as an infant in 1943 by a sympathetic German soldier. Decades later, she still does not know who her parents were.

"It is an enormous thing to know who you are," said Miss Gutman. Israel Television is helping her and 17 other survivors search for their pasts by broadcasting their photographs and scraps of information about them.

The first broadcast — shown in Israel and Poland two weeks ago — led to a reunion between an Israeli woman, Varda Sapolnikov, and the family she had not seen in 54 years. A second was broadcast in Israel on Sunday night as the nation began its annual remembrance of the 6 million Jews killed by the Nazis.

A telephone conversation between Miss Sapolnikov and her mother, now living in Denmark, was part of the program Sunday.

"I looked for you many years," the elderly woman said. "Your father has died. Call me mother."

"I can't," sobbed the daughter, now in her 50s. "The words won't come out."

The program has turned up a tangle of family histories for some of those involved, a maze of fake names and protective families.

Hanita Leshem, 57, a retired teacher in Jerusalem, remembered little of her childhood before she was sent as an orphan to Israel. After the program, an elderly Polish man telephoned to say he recognized her as the girl who was briefly raised by his landlords in Lvov — today part of Ukraine.

He told her she was taken to a Jewish orphanage when the Polish gentile family watching her was forced to flee the Russian invasion of Lvov.

She has since discovered that her real last name may be Bauman.

Now, she said, "I hope to at least find my birth certificate or a relative here or there."

Miss Gutman began her own search last year, traveling to Europe knowing only the Polish orphanage where she was found and the name she had at the time, Barbara Kaczmerek. Her search led her to a man named Wolfgang Rebhun.

He told her it was his mother — a gentile married to a Jewish man — who agreed to take her from her parents, trapped in the Warsaw ghetto.

The Rebhuns, he said, were caught harboring Jews and sent to labor camps. Miss Gutman was found a few days later on an empty train and the Red Cross turned her over to the Kaczmereks.

After the war, Jewish authorities objected to the Kaczmereks' effort to adopt her. She was adopted by a Jewish family — the only parents she remembers. They immigrated to Israel in 1950.

The mystery about her past, Miss Gutman said, was "something I couldn't face until my adoptive parents died" in recent years.

"It would have hurt them too much," she added.

She has yet to find the identity of her parents, but has come tantalizingly close.

Mr. Rebhun said that she was named Weglinski when she reached them, but that he believed this was a fake name. He also said he once saw her parents, but remembered only a tall, good-looking couple.

He also said he did not believe they survived the war.

Altitude Error Caused Collision Over India That Killed 349

By John F. Burns
New York Times Service

NEW DELHI — Investigators examining the world's deadliest midair collision have established that the crash near here last November occurred after a Kazakstan Airlines Ilyushin-76 descended nearly 1,000 feet below the 15,000-feet altitude assigned to it by Indian air traffic controllers, putting it in the path of a Boeing 747 of Saudi Arabian Airlines that had taken off minutes earlier from New Delhi. When the planes collided, 349 people were killed.

Documents submitted to a judicial inquiry in New Delhi in recent days have confirmed the principal cause of the crash — the Kazak pilot's action in "busting" the altitude set for his descending aircraft by air traffic controllers at Indira Gandhi International Airport.

According to those documents, which reflect investigations at aviation research centers in Britain and Russia, the Kazak plane was at a height of 14,190 feet 26 seconds before the collision, just above the 14,000 foot altitude the controllers set for the Saudi plane.

The Saudi airline has told the inquiry that the Kazak plane was responsible for the collision. But the Kazak airline has said that "severe air turbulence" encountered by the Ilyushin 30 seconds before impact caused the plane to drop below its assigned altitude.

The Saudi airline has rejected that, noting that the Russian flight crew of the Ilyushin made no mention of turbulence or a sudden drop in altitude on the aircraft's cockpit tape.

Both airlines have also said that failings of the Indian air traffic controllers played a major part in the crash, including the fact that the Saudi plane's crew was never told that the Kazak aircraft was approaching it from the opposite end of the same narrow air corridor.

By reserving most airspace around the Indian capital, the Indian air force has forced civilian flights approaching the New Delhi airport to arrive and depart along a narrow funnel of airspace, separated by 1,000-foot vertical intervals.

The cockpit tapes showed that the radio operator of the Ilyushin, Egor Repp, was told by the New Delhi tower 38 seconds before the impact that the Saudi aircraft was eight miles away, approaching the Ilyushin at 14,000 feet.

At the time, however, according to the Ilyushin's flight data recorder, it was flying less than 500 feet higher, 500 feet below its assigned altitude, and descending. The tapes showed that the Saudi pilot, unaware of the approaching Ilyushin, glimpsed the Kazak airliner only moments before impact, too late to move out of the way.

All 37 people aboard the Ilyushin, mostly Russians from Kirgizia on a shopping trip to India, and all 312 people aboard the Boeing, mostly Indians en route to jobs in Saudi Arabia, died when the two aircraft hit the ground in an arid farming area west of New Delhi.

Another focus of the inquiry has been the antiquated air traffic control system in India. At many airports, including New Delhi's, controllers rely on radars that tell them the distance of aircraft from the airport, but not the height or direction. New American-made radar systems were to have been installed at New Delhi, Bombay and Calcutta by 1995, but have been delayed. As a result, controllers rely on pilots to report their altitudes.

Transcripts of tapes in the November crash have shown that the Ilyushin crew never confirmed to the controller that the aircraft had received or obeyed the instruction to remain at 15,000 feet.

The
18th
Oil & Money
conference will be
held on November 18-19
in London. This major inter-
national energy forum will be
addressed by oil ministers from the
world's largest producing nations as well as
senior oil industry executives. For further details,
please contact Brenda Erdmann Hagerty in
London on Tel. (44 171) 420 0307
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Fax: (44 171) 836 0717

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TRAVEL UPDATE

For 2 French Airlines, The Going Gets Better

PARIS (AP) — Air Liberte and TAT increased flights Monday but were still hobbled by work stoppages. Air France Europe said it was carrying out 90 percent of its flights despite a strike by three of its four pilots' unions that is to continue through Tuesday.

At TAT and Air Liberte, which British Airways owns and is trying to merge, about 30 percent of flights were grounded by a strike by flight attendants. That was up from half service last week.

89 Milan Flights Cut

MILAN (AFP) — A four-hour air-traffic controllers' strike Monday forced the cancellation of 89 flights at Milan's international airport, officials said.

Sixty-five flights were delayed by the walkout, which ended at 4 P.M.

Lufthansa Challenged

FRANKFURT (AP) — Lufthansa's monopoly on a key domestic route ended Monday as Eurowings, a small German competitor, began cheaper flights between Frankfurt and Berlin.

Lufthansa's round-trip economy fare is 780 DM ($453). Eurowings offers a 478 DM round-trip fare on flights booked a day in advance.

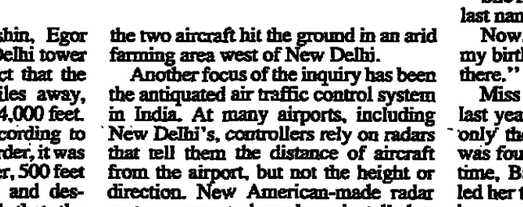
Correction

A headline in Monday's edition incorrectly identified Peter Mandelson as a member of the British cabinet. He is a minister without portfolio but does not hold cabinet rank.

See our
Arts and Antiques
every Saturday

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
A cold front will bring scattered showers and thunderstorms to the Plains Wednesday, then Chicago and Detroit Thursday. This front will affect the East, including New York City and Philadelphia, Friday. Dry and warm weather will prevail over much of the West through Friday.

Europe
Cool and wet weather will prevail across London, Paris and Amsterdam through Friday. Showers and cooler weather will affect Berlin and Warsaw Thursday and Friday. Southeast Europe will stay warm and mainly dry through Thursday, while a couple of showers will dampen Madrid.

Asia
Showers and thunderstorms will rumble through Beijing and Seoul Wednesday with showers lingering into Thursday in Seoul. This unsettled weather will reach Tokyo Thursday followed by a shot of cooler air. Very warm and humid in Hong Kong and Singapore with a thundershower around each day.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	19/66	9/48 pc	17/62	10/50 sh
Amsterdam	15/59	7/44 r	11/52	2/35 sh
Ankara	22/71	6/43 pc	23/73	8/46 pc
Athens	22/71	15/59 pc	23/73	17/62 pc
Barcelona	19/66	7/44 pc	16/61	6/48 pc
Belgrade	24/75	12/53 c	25/77	9/48 s
Berlin	23/73	13/55 s	14/57	2/35 pc
Brussels	14/57	4/39 r	9/48	2/35 r
Budapest	23/73	13/55 c	22/71	7/44 pc
Copenhagen	17/62	11/52 sh	14/57	1/34 sh
Costa Del Sol	21/70	9/48 pc	19/66	9/48 pc
Dublin	10/50	4/39 sh	11/52	3/37 r
Edinburgh	9/48	1/34 c	11/52	2/35 pc
Florence	23/73	8/48 sh	19/66	6/43 pc
Frankfurt	19/66	8/43 pc	15/59	0/32 pc
Geneva	14/57	0/32 r	10/50	4/39 r
Helsinki	10/50	4/39 sh	18/64	7/44 s
Istanbul	23/73	12/53 s	23/73	14/57 c
Kiev	24/75	14/57 s	25/77	12/53 c
Las Palmas	25/77	17/62 s	24/75	18/64 s
Lisbon	17/62	10/50 pc	16/61	8/46 r
London	12/53	3/37 r	13/55	2/35 c
Madrid	17/62	5/41 c	15/59	3/37 r
Mallorca	17/62	9/48 pc	19/61	11/52 pc
Milan	22/71	7/44 r	17/62	6/43 pc
Moscow	16/61	13/55 sh	22/71	12/53 pc
Munich	22/71	7/44 s	12/53	1/34 c
Nice	19/66	7/44 c	13/55	8/48 sh
Oslo	13/55	11/52 r	15/59	9/48 r
Paris	14/57	2/35 r	11/52	1/34 c
Prague	23/73	10/50 pc	11/52	-1/31 pc
Reykjavik	3/37	-1/31 s	4/39	0/32 sh
Riga	17/62	8/46 pc	20/68	9/48 r
Rome	23/73	9/48 c	19/66	7/44 s
St. Petersburg	11/52	7/44 r	16/61	8/48 pc
Stockholm	12/53	6/43 sh	13/55	9/48 r
Strasbourg	17/62	2/35 r	12/53	3/37 pc
Tallinn	11/52	4/39 sh	17/62	7/44 s
Tbilisi	21/70	8/46 c	24/75	11/52 pc
Venice	21/70	9/48 r	17/62	6/43 pc
Vienna	23/73	11/52 pc	14/57	9/43 r
Warsaw	23/73	12/53 c	20/68	3/37 pc
Zurich	18/64	2/35 t	11/52	0/32 c

Middle East

Abu Dhabi	32/89	18/61 s	30/86	17/62 s
Beirut	19/66	13/55 s	21/70	14/57 s
Cairo	27/80	11/52 s	30/86	13/55 s
Damascus	23/73	7/44 s	25/77	9/48 s
Jerusalem	20/68	7/44 s	22/71	9/48 s
Luxor	32/89	11/52 s	36/97	15/59 s
Riyadh	31/88	20/68 s	31/88	19/66 s

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	14/57	3/37 s	13/55	3/37 pc
Atlanta	28/79	11/52 s	24/75	13/55 pc
Boston	19/61	7/44 r	15/59	5/41 pc
Chicago	17/62	4/39 s	18/64	8/48 pc
Dallas	28/82	17/62 pc	27/80	17/62 pc
Denver	22/71	8/48 pc	21/70	8/43 pc
Detroit	19/61	1/34 pc	16/61	7/44 pc
Honolulu	28/82	18/66 pc	28/82	19/66 pc
Houston	28/82	17/62 s	27/80	18/64 pc
Los Angeles	24/75	14/57 s	26/82	13/55 s
Miami	28/82	20/68 s	28/82	21/70 pc
Minneapolis	17/62	6/43 s	18/66	8/46 sh
Montreal	12/53	2/35 r	6/43	-2/29 pc
Nassau	27/80	19/66 s	28/82	20/68 pc
New York	19/61	8/46 sh	18/64	9/48 pc
Orlando	29/84	17/62 s	28/82	17/62 pc
Phoenix	38/100	21/70 s	39/97	20/68 pc
San Fran.	21/70	11/52 s	21/70	11/52 pc
Seattle	15/59	6/43 c	17/62	8/46 pc
Toronto	10/50	-4/25 sh	8/46	2/35 s
Vancouver	12/53	4/39 sh	14/57	8/48 pc
Washington	19/66	8/46 r	20/68	10/50 s

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	31/88	12/53 s	23/73	7/44 c
Bali	32/89	22/71 pc	33/91	22/71 pc
Bangkok	34/93	25/77 pc	33/91	24/75 pc
Beijing	21/70	14/57 pc	19/66	14/57 sh
Bombay	32/88	23/73 s	32/88	23/73 s
Calcutta	35/95	23/73 pc	34/93	23/73 pc
Chiang Mai	34/93	23/73 pc	33/91	23/73 pc
Colombo	30/86	24/75 pc	30/86	24/75 pc
Hanoi	29/84	23/73 r	23/84	23/73 r
Ho Chi Minh	34/93	25/77 pc	33/91	24/75 pc
Hong Kong	27/80	22/71 r	27/80	22/71 r
Islamabad	37/99	21/70 s	35/95	19/64 r
Jakarta	31/88	24/75 pc	31/88	24/75 pc
Karachi	38/97	24/75 s	34/93	23/73 s
K. Lumpur	33/91	23/73 pc	32/89	23/73 pc
K. Kinabalu	33/91	28/79 pc	32/89	24/75 pc
Manila	32/89	22/71 pc	32/89	22/71 pc
New Delhi	38/100	22/71 pc	40/104	24/75 s
Phnom Penh	33/91	23/73 pc	33/91	24/75 pc
Phuket	34/93	25/77 pc	33/91	24/75 pc
Rangoon	34/93	25/77 pc	33/91	24/75 pc
Seoul	25/77	17/62 r	24/75	18/64 r
Shanghai	28/79	22/71 t	28/82	21/70 c
Singapore	33/91	26/79 pc	33/91	25/77 pc
Taipei	29/84	23/73 c	30/86	23/73 c
Tokyo	27/80	18/64 pc	28/79	19/66 r
Vientiane	29/84	24/75 r	28/82	23/73 r

Africa

Algiers	23/73	8/46 pc	21/70	7/44 s
Cape Town	21/70	11/52 pc	21/70	11/52 pc
Casablanca	19/66	11/52 pc	17/62	11/52 pc
Harare	31/88	12/53 s	32/89	12/53 s
Lagos	30/86	22/73 c	29/84	22/73 sh
Nairobi	25/77	13/55 c	28/82	14/57 pc
Tunis	28/82	13/55 pc	23/73	12/53 s

Latin America

Buenos Aires	28/79	15/59 pc	26/77	18/61 s
Caracas	29/84	23/73 pc	29/84	24/75 pc
Lima	25/77	18/64 s	24/75	18/64 s
Mexico City	29/79	11/52 s	26/79	12/53 pc
Rio deJaneiro	23/73	16/61 pc	22/71	18/64 s
Santiago	28/82	9/48 s	29/79	11/52 s

Oceania

Auckland	17/62	11/52 pc	17/62	11/52 pc
Sydney	22/71	16/61 sh	22/71	17/62 r

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THE AMERICAS

U.S. Diplomacy Tries Some 'Other' Issues

In Guatemala, Albright Sets a New Tone

By Thomas W. Lippman
Washington Post Service

TULULCHE, Guatemala — The U.S. secretary of state, Madeleine Albright, has given a personal demonstration of how the focus of American diplomacy has shifted in the post-Cold War era.

First she flew Sunday by helicopter to this cluster of plywood huts in remote northwestern Guatemala to meet former leftist guerrillas who had taken part in a 36-year civil war. The rebels have turned in their weapons since peace came in December and are training for life as civilians.

Then she returned to Guatemala City to initial a bilateral treaty aimed at curbing a menace that hits Americans more directly than the threat of communism in Central America ever did: car theft.

Throughout Central America and in Mexico, "stolen cars are a major issue," a senior U.S. official traveling with Mrs. Albright said. "They come in here in container ships. It's a big business, and we're working with insurance companies and Central American governments to get them to work with us to return stolen cars."

Auto theft may seem like a mundane issue for a secretary of state to address during an international trip, but her program was consistent with the emphasis on nontraditional diplomacy that has come to characterize President Bill Clinton's administration as the global confrontation with communism fades into history.

Perhaps even more than her predecessor, Warren Christopher, Mrs. Albright is focusing on the so-called transnational issues — crime, drug trafficking, overpopulation, degradation of the environment — as growing threats to the well-being of Americans.

By itself, the treaty initialed Sunday may do little to stem the flow of stolen automobiles from the United States to Mexico and Central America, officials acknowledged.

But it does commit the two countries to a joint effort to address the problem, which officials said was sensitive here because ordinary citizens often are victimized by car-theft rings — such as when they hand over their savings to pay for an automobile that turns out to belong to someone else.

At a news conference with Foreign Minister Eduardo Stein, Mrs. Albright said such agreements were part of the effort to establish "the rule of law" in Latin America.

She called cross-border car theft "a problem of quite large proportions for us" and said the accord showed "the kind of cooperation where nothing is too small and nothing is too big to talk about with our friends."

At the demobilization camp, Mrs. Albright was surrounded by scores of children as she toured one of eight centers set up by the United States and the United Nations after the war to help 3,000 guerrillas emerge from the bush and enter the mainstream of Guatemalan life.

All but about 500 of those former guerrillas have completed their training and moved on, mostly to farms in their native provinces. This camp houses the rest.

"This is really the end of the Cold War," a senior official with Mrs. Albright said. "These are the last warriors."

One of her guides was Baltazar Zapeta, formerly Comandante Hernan, who said he joined the rebel front in 1980 and at one time had 300 men under his command.

"Now there is no need to fight with guns," he said, because "we have the social base to form a political movement" that might have a chance of breaking into Guatemala's city-dominated power structure.

In remarks to the villagers, Mrs. Albright hailed the peace agreement as an opportunity for them to surmount the poverty that has saddled them with some of the Western Hemisphere's highest rates of illiteracy and infant mortality.

"As I look at all the young children here, you need to know that the peace is for you," Mrs. Albright said. "Some of you may wonder why in heaven's name the secretary of state is here. Why would she and the United States care about what is happening here? The reason is, we are all one family, and when one part of our family is not happy or suffers, we all suffer."

Adam Nadel/The Associated Press

Garry Kasparov contemplating a move against Deep Blue in Game 2.

Game 2: Computer Beats Kasparov

Deep Blue, Playing 'Beautifully,' Ensnares World Champion

New York Times Service

NEW YORK — The IBM computer Deep Blue has drawn even in its match against Garry Kasparov, the world's best human chess player, winning the second of their six games.

As is his wont after a loss, Mr. Kasparov did not speak to reporters — but an ebullient Deep Blue team did.

"It feels unbelievably great," said Murray Campbell, an IBM researcher who has been working on Deep Blue since 1989.

Mr. Campbell said that even though Deep Blue defeated Mr. Kasparov in the first game of their first match a year ago, there were indications that neither the computer nor Mr. Kasparov had played very well.

"This time it earned the win," Mr. Campbell said. "It played beautifully."

Deep Blue had the advantage Sunday of playing the white pieces and moving first. The game developed slowly, with Mr. Kasparov playing cautiously, as he had said he would in the opening games, waiting for the computer to reveal its weaknesses.

The problem for Mr. Kasparov was that Deep Blue showed no weaknesses. It held the white advantage throughout, playing a patient opening known as the Ruy Lopez, and in the endgame pressured Mr. Kasparov's king with rook and queen threats, never letting him breathe.

The next match, with Mr. Kasparov again playing white, will be Tuesday.

Game 2
Ruy Lopez

White D. Blue	Black Kasp.
1. e4	e5
2. Nf3	Nc6
3. Bb5	a6
4. Ba4	Nf6
5. 0-0	Be7
6. Re1	b5
7. Bb3	d6
8. c3	0-0
9. h3	h6
10. d4	Re8
11. Nbd2	Bf8
12. Nf1	Bd7
13. Ng3	Na5
14. Bc2	c5
15. b3	Nc6
16. d5	Ne7
17. Be3	Ng6
18. Qd2	Nh7
19. a4	Nh4
20. Nxh4	Qxh4
21. Qe2	Qd8
22. b4	Qc7
23. Rec1	c4
24. Ra3	Rec8
25. Rca1	Qd8
26. f4	Nf6
27. fe	de
28. Qf1	Na8
29. Qf2	Nd8
30. Bb6	Qe8
31. R3a2	Be7
32. Bc5	Bf8
33. Nf5	Bxd5
34. exd5	f6
35. Bxd6	Bxd6
36. ab	ab
37. Be4	Rxa2
38. Qxa2	Qd7
39. Qa7	Re7
40. Qb6	Rb7
41. Ra8+	Kf7
42. Qa6	Qc7
43. Qc6	Qb6+
44. Kf1	Rb8
45. Ra6	Resigns

Shaun Best/Reuters

AVOIDING A DUNK — Canadian Navy sailors delivering sandbags to residents of Grande Pointe, Manitoba, whose dikes have so far largely protected their homes and nearby Winnipeg from Red River floodwaters.

Away From Politics

• **The Michigan State Medical Society**, the largest doctors group in Dr. Jack Kevorkian's home state, has dropped its four-year-old neutral position on physician-assisted suicide, declaring it "fundamentally incompatible with the physician's role as healer." But the group maintained its opposition to outlawing the activity, saying any such law could discourage doctors from giving terminally ill people adequate pain medicine. *(AP)*

• **Flames engulfed a van** as it drove down a suburban Los Angeles street, killing three children and severely burning their mother. It was not immediately known what had caused the fire, which the mother said followed a popping sound from the dashboard area of the Ford Astrovan. *(AP)*

• **Boulder, Colorado, returned to calm** after two straight nights of violent clashes between the police and college students who were demanding a right to drink alcohol and party. Businesses in "The Hill" district near the University of Colorado campus complied with a police request to close early, and a concert at a popular nightclub was canceled. *(AP)*

• **The lawyer for a drill sergeant** charged with raping a trainee said that army commanders had singled the defendant out for prosecution because he is black. The military attorney asked a judge to dismiss five counts charging Staff Sergeant Vernell Robinson Jr. with having had consensual sex with trainees because the trainees, four whites and one Hispanic, were not charged with violating the army ban on such relationships. The sergeant is one of 12 black staff members at Aberdeen Proving Ground in Maryland charged with criminal sexual misconduct. *(AP)*

• **The newest U.S. weather satellite** was lifted to its operating orbit over the weekend and is being nudged into position as a backup for the Atlantic hurricane season. The $220 million GOES-K satellite was launched April 25 from Cape Canaveral, Florida. Its designation changes to GOES-10 because it has reached a 22,300-mile (35,700-kilometer) high orbit where its speed matches that of the Earth below, effectively causing it to hover over one spot. *(AP)*

• **Three soldiers and a National Guardsman** were killed when a civilian sport-utility vehicle and a military Humvee collided on a road at Fort Hood in Texas. *(AP)*

POLITICAL NOTES

Clinton Confidants Knew About Hubbell

WASHINGTON — The White House has maintained that President and Mrs. Clinton did not know that Webster Hubbell faced possible criminal charges when their close associates started organizing a string of business contacts to help support him in the spring of 1994.

But according to documents and interviews, two of the president's closest confidants understood the seriousness of Mr. Hubbell's troubles even before he resigned as associate attorney general in March 1994.

One of the confidants, James Blair, an Arkansas lawyer, went to the Clintons to warn them that Mr. Hubbell "needed to resign as quickly as possible," according to Mr. Blair's previously unpublished testimony before Senate Whitewater investigators.

Mr. Blair had been told in early March by the law firm Mr. Hubbell had worked for that it had "pretty strong proof of wrongdoing" by Mr. Hubbell, a lawyer said.

In addition, David Kendall, the Clintons' personal lawyer, received similar information about Mr. Hubbell in March 1994. *(NYT)*

More States Weigh 'Partial-Birth' Ban

WASHINGTON — While Congress tries again to ban what abortion opponents call "partial-birth abortion," several states have outlawed the procedure on their own, and numerous others are considering doing so.

Last year, Congress passed a ban on the procedures, but President Bill Clinton vetoed it because it did not make an exception to protect a woman's health.

In a renewed effort to enact the ban, the House passed it again this year by a veto-proof majority. The Senate is to vote on it the week of May 12. Advocates of the ban say they have only 61 votes in the Senate — 6 short of the necessary two-thirds needed to override another expected veto.

Discouraged by the national outlook, 40 states have taken up the issue. *(NYT)*

Medicare Cuts Fall Lightly on the Old

WASHINGTON — The budget deal announced by President Bill Clinton and the Republican leadership squeezed its largest block of savings out of the Medicare program, but did it in a way that should cause minimal pain for most of the 37 million seniors who depend on the federal health care program.

The agreement reduces by $115 billion the cost of the program over the next five years. Most of that would come by limiting federal payments to hospitals and doctors, not by significantly raising premiums or eliminating services to seniors. *(WP)*

Quote / Unquote

Anthony Quainton, the State Department's personnel chief, in a memo to ambassadors and senior officials abroad on "caste consciousness" and of how "elements of our career services sought to promote themselves at the expense of others": "I continue to be dismayed about our culture of disdain in which everyone seems to be seeking an excuse for looking down on someone else. In a recent trip to Asia, I found additional causes for concern at the extent to which family members, civil service employees, junior officers and others all seem to be questioning each others' professionalism." *(WP)*

AMERICAN TOPICS

People Also Need to Know When the Molester Leaves

Neighbors in Manhattan, Kansas, were friendly enough to Mike and Jody Lumpkins and their daughters, until state officials made a bit of a mistake — identifying their trailer as the home of a convicted sex offender.

Then rocks were thrown and insults muttered. "Kids walking by would say to me, 'My parents told me not to talk to you because you're a sexual offender,' " Mike Lumpkins said.

A 1994 federal law requires states to keep registries of convicted sexual predators and child molesters; later, states were required to tell a community "whenever a dangerous sexual predator enters its midst." The rape-killing of Megan Kanka, 7, in New Jersey was a prime force behind thelaw. But there have been problems, as with the Lumpkins' experience.

The Kansas Bureau of Investigation says the Lumpkins' trailer had been home to a convicted offender, Dennis Cox, but he had moved without notifying anyone. The bureau has removed the Lumpkins' address from its on-line registry, having confirmed that Mr. Cox was no longer there. He is now serving a prison sentence in Nebraska.

Despite their experience, the Lumpkins think the registry is a good idea.

Short Takes

The baby wakes up screaming after midnight with a fever of 102. You call the pediatrician. Should she be entitled to a fee for telling you whether to take the child to the hospital or simply give him a pain-and-fever reliever? A survey of 479 doctors in the Albany, New York, area found that 70 percent favored such billing, especially for after-hours phone calls. But only 1 percent actually did bill for such calls. Oddly, reports The New York Times, the doctors who got the most calls were among the least likely to say they deserved to be paid for them. Pediatricians reported getting an average of 35 calls on the weekends and 14 after hours on weekdays. Yet just 56 percent said they thought they should charge for them.

U.S. wine exports jumped 35 percent last year, to $327 million, with California accounting for 90 percent of the total. The top markets were Britain, Canada, Japan and Germany. Exports to Europe were up 56 percent. The numbers would have been higher if some wineries had not faced shortages of grapes.

Manhattan is getting a new theme restaurant that could appeal to those who hate to spend more than a few minutes away from a TV screen. Television City, opening in Rockefeller Center, will have 130 television sets and $1 million in production equipment. Diners can get in front of a camera in a small broadcast studio, where they can deliver news, read the weather or run their own talk show, then buy a tape of their performance.

The first Hollywood cartoon character to be honored on a postage stamp will be Bugs Bunny, not his older and even more famous colleague, Mickey Mouse. The postal service says the Walt Disney Co. wanted Mickey (and Donald Duck and others) on stamps, but balked at having to forgo royalties. Not so Warner Bros., which owns the rights to Bugs, that inimitable carrot-cruncher.

The Postal Service is almost giddy in anticipation of the release of the Bugs stamp, according to The Washington Post. Postal authorities anticipate $38 million in profits, surpassing by $2 million the record held by the Elvis Presley stamp issued in 1993.

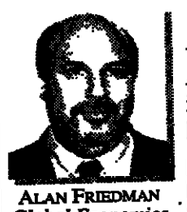
International Herald Tribune

Texas Police Dog Shot In Hunt for Separatists

The Associated Press

FORT DAVIS, Texas — State authorities hunting two separatists who fled into the Davis Mountains after a weeklong standoff unleashed tracking dogs after finding a campsite, but one of the five hounds was hit by gunfire.

Officials said they were close to capturing the separatists, Richard Keyes 3d and Mike Matson, who were believed to be armed. They fled after other members of the separatist group surrendered Saturday. Their group, the Republic of Texas believes the state was illegally annexed by the United States in 1848.



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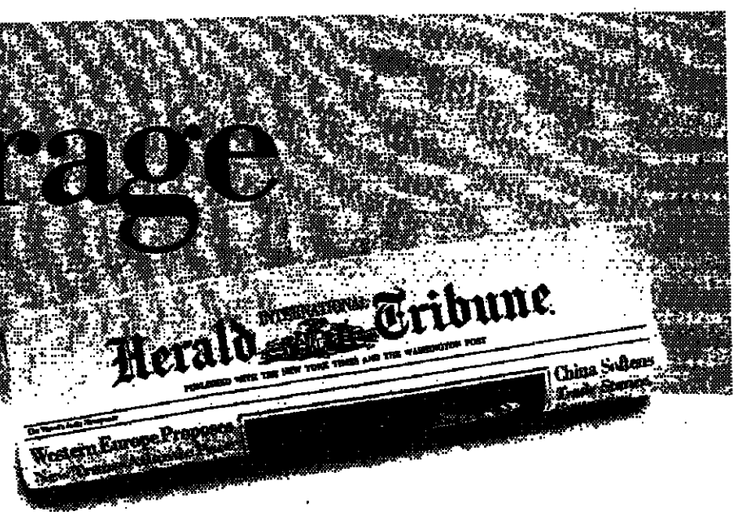

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ASIA/PACIFIC

Defector's Survival Guilt

'My Heart Turned to Stone,' Escapee Says Of Suffering of Relatives in North Korea

By Velisarios Kattoulas
International Herald Tribune

SEOUL — When Lim Yong Sun, an officer in the North Korean Army, accidentally intercepted a warrant for his own arrest for treason in 1993, he faced a choice: arrest, torture and execution in Pyongyang, or defection to South Korea.

He hesitated, fearing that fleeing North Korea could condemn his immediate family to imprisonment in a concentration camp.

"My heart has turned to stone," said Mr. Lim, who later learned through South Korean intelligence officials that his father, mother, two brothers and two sisters had been thrown into a concentration camp because of his defection.

To discourage defections and dissent, experts say, North Korea routinely imprisons the immediate family of defectors. As a result, many of the approximately 600 defectors living in South Korea are tormented by guilt, loneliness and doubts about whether the North, apparently on the brink of a major famine, is feeding their imprisoned relatives.

"My family will be the last ones to be fed and will eat the least," Mr. Lim said at a church in a Seoul suburb. "But what can I do about that? I can regard this only as fate."

In its first such admission, Pyongyang said in April that at least 134 children died of malnutrition in 1996.

Anecdotal evidence from along China's border with the reclusive North suggests that thousands may already have died of starvation this year. The UN World Food Program has warned that up to 100,000 North Koreans could die from starvation in the next three months.

Park Shin Ho, head of the nongovernmental Supporting Council for North Koreans, said many of the mainly male defectors from the North suffered bouts of despair that drove them to alcoholism and to seek comfort from prostitutes.

"Once they get to South Korea, defectors have enough rice to eat but they get satisfaction from no other aspect of their lives," Mr. Park said. "The biggest problem defectors face is the guilt they feel over the family they left behind in the North."

Chun Won Taek and Min Sung Gil, professors at Yonsei Medical School in Seoul, said 19 of 21 defectors they had interviewed extensively suffered from chronic loneliness. Most commonly, the researchers wrote in "The Life of Defectors," published this year, defectors struggled to marry and to form ties with relatives here, with other South Koreans and even with other defectors.

Although separation from their families hurt defectors the most, part of the reason for their loneliness was that they thought many South Koreans considered them parasites.

South Korea pays each defector 20 million won ($22,400) to help in resettlement and up to 220 million won more for military and other secrets about the North, according to a government official who asked that he not be identified. But activists say many of the defectors had received just 12 million won.

Either way, many South Koreans insist that the payments, as well as a center under construction to handle 500 defectors a year, are a waste of taxpayer money. One in three South Koreans says the government pays defectors too much, a 1995 government survey found, while just one in 10 says it pays too little.

One prominent South Korean economist, who was born in the North, dismissed defectors as "a mixture of aristocrats and thieves."

The government official said Seoul was building the reception center because the number of defectors was rising and could surge if the government of Kim Jong Il collapsed. While just 89 North Koreans defected between 1970 and 1989, at least 170 people have fled to the South since the death in 1994 of Kim Il Sung, the longtime North Korean leader.

Until 1994, defectors were largely disillusioned North Korean spies in the South. Since then, North Koreans ranging from top military and government officials to lumberjacks and fishermen have fled to the South. They fled across the heavily fortified border between the two Koreas, by boat or via China to escape the worsening poverty and food shortages that have plagued the Stalinist North since the collapse in 1991 of its main ally, the Soviet Union.

Mr. Lim was a senior officer working as an aide to a top Defense Ministry official when he intercepted his own arrest warrant, which was addressed to his boss.

In the course of his work, Mr. Lim said, he had learned of a plan to reunify the two Koreas by firing nuclear missiles at South Korea and obliterating it in 1995.

The secret plan was portrayed as a "gift" to the Korean people from Kim Il Sung, he said. But Mr. Lim strongly opposed the plan and with 17 other like-minded army officers plotted to expose the plan internationally, which is an act of treason in North Korea.

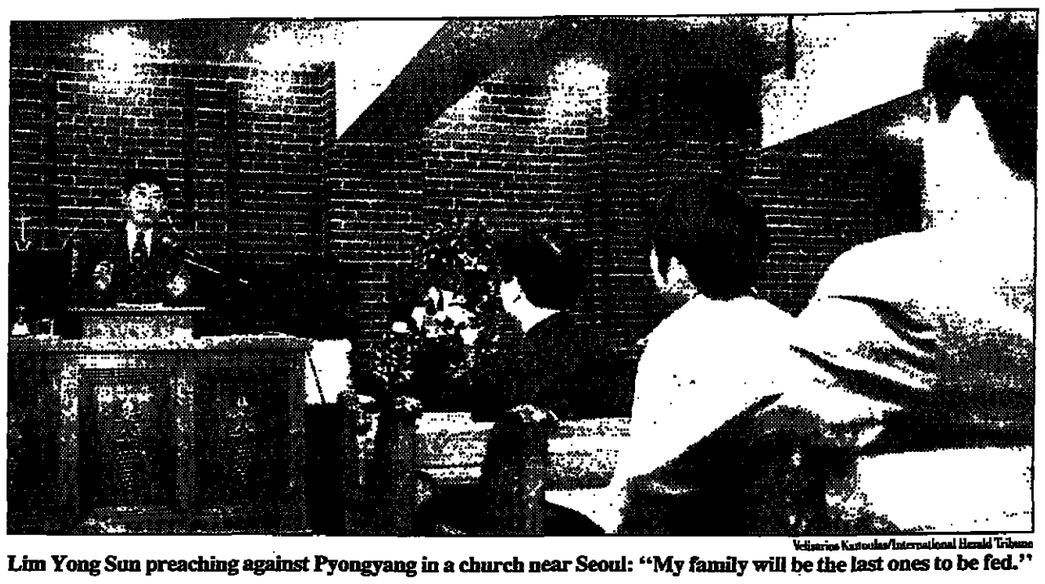
Mr. Lim hid the warrant and two days later bolted for the Chinese border, about 250 kilometers (160 miles) north of Pyongyang.

Word of his escape quickly reached North Korean authorities. Mr. Lim later learned from South Korean intelligence officials that North Korean police had rounded up the 17 other officers involved in the plot, executed them and put their families, as well as his own, into concentration camps.

When he eventually crossed the Yalu River separating North Korea from northeastern China, South Korean agents in contact with spies in Pyongyang were waiting to take him to Seoul.

"When I got to China the first thing I noticed was how free it was and that there was so much to eat," said Mr. Lim, 33, who weighed 57 kilos (125 pounds) when he defected but now weighs 75 kilos.

"When I got to South Korea, I thought I was in Japan."



Velisarios Kattoulas/International Herald Tribune

Lim Yong Sun preaching against Pyongyang in a church near Seoul: "My family will be the last ones to be fed."

Korean Talks On Food Aid Deadlocked

By Steven Mufson
Washington Post Service

BEIJING — Talks here between North and South Korean Red Cross officials broke up Monday without reaching any agreement on the amount or conditions for delivering food aid from the South to the hungry North.

The two sides could meet again within 10 days, negotiators said. But for now, they said, the talks are deadlocked over South Korean proposals that food packages be identified as gifts from the South, that South Koreans be allowed into the North to monitor distribution, and that shipments move directly to the North by land through the truce town of Panmunjom at the border.

Despite the threat of widespread famine, the hermit-like North, which fought the South from 1950 to 1953 and which is still technically at war with the Seoul, is believed to oppose such measures, which would stress the failure of North Korea's long-cherished policy of self-reliance.

At the talks Monday, which lasted 2 hours 45 minutes, North Korean Red Cross officials said that they could not discuss distribution without knowing the size of the food donation planned by the South Korean Red Cross.

The South Korean side said that the amounts were uncertain because they would depend on the size of private donations. But South Korean Red Cross officials suggested that support could continue over some time.

The negotiations here are unusual because they are the first direct talks in five years between North and South Korean Red Cross officials. The talks are being watched closely by diplomats for indications of how desperate North Korea is for food assistance. The diplomats are also looking for signs of how North Korean officials might deal with South Koreans generally as the United States and China attempt to push the two sides into direct peace talks in New York.

North Korea has said it will join the talks only if it receives guarantees of food aid and an easing of trade sanctions.

Ole Gronning, a Pyongyang-based official of the International Federation of Red Cross and Red Crescent Societies, said it was unrealistic for South Korea to expect North Korea to agree to its demands regarding distribution of aid.

"We recognize that there are certain political conditions for working in North Korea," Mr. Gronning said. "I'm not trying to change North Korean policy. I'm trying to help people."

BRIEFLY

Indonesia Party Ignores Police Ban and Marches

YOGYAKARTA, Indonesia — Supporters of a minority Indonesian party held processions in two major cities Monday, ignoring warnings by the military that street parades were banned during the general election campaign.

The supporters of the Muslim-oriented United Development Party paraded in the capital, Jakarta, and in the ancient city of Yogyakarta. They were watched by the police, but no attempt was made to stop them.

The military ultimatum came as the party, whose party faithful have frequently violated the ruling against street parades, resumed campaigning across Java on Monday for the May 29 election.

Each of the three parties permitted to contest the election — the United Development Party, the ruling Golkar and the Indonesian Democratic Party — are allotted separate parts of the country in which to campaign each day.

"If they continue to commit violations, then we with great regret will have to take firm action," Jakarta's military commander, Major General Sutiyoso, was quoted as saying by the privately run newspaper Media Indonesia. *(Reuters)*

Rally Backs Burma Rulers

BANGKOK — More than 35,000 people rallied in Burma, accusing the United States of bullying their country with economic sanctions and vowing to crush the democracy leader, Daw Aung San Suu Kyi, Burma's state-run newspapers said Monday.

The rally, held Sunday in Mandalay, Burma's second-largest city, was held by the Union Solidarity and Development Association, a group controlled by Burma's military government. *(AP)*

China's Dwindling Marxists

BEIJING — Surveys of China's workers have found a sharp fall in the number who believe in the Communist Party and trust in the future of communism, while more and more are turning to religion.

"A considerable number of party members in their own hearts do not really recognize themselves as party members," said the magazine Modern Ideological Trends in its latest edition available on Monday.

"If this continues, the prospects will be dreadful to contemplate," the hard-line leftist magazine warned. *(Reuters)*

Macau Police Seek Killers

MACAU — Heavily armed policemen fanned out across Portuguese-run Macau on Monday in search of drive-by hitmen who gunned down three men in the latest wave of gangland warfare.

A senior police officer said the victims were "pretty well-known triads" — or members of Chinese criminal fraternities.

He said the three, who were traveling in one car, were prominent members of the 14K triad and were believed to be associates of the triad's local "dragonhead," or leader, nicknamed Broken Teeth Koi. The police believe he has fled Macau. *(Reuters)*

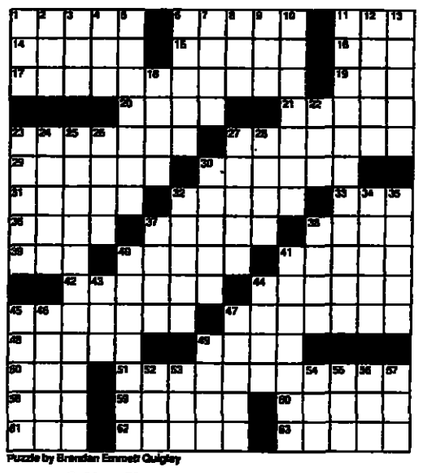
CROSSWORD

ACROSS

1 Procter & Gamble bar
6 Native Alaskan
11 Spoil
14 Midwest airport hub
15 Sergeant at TV's Fort Baxter
16 Diamonds
17 Place to place a wallet or handkerchief
19 —— Na Na
20 Thanksgiving meat request
21 "Entry of Christ into Brussels" painter James
23 Scott Adams's put-upon comics hero
27 Nautical spar
29 Body parts shaped like punching bags
30 W.W. II Philippine battle site
31 Horse in a harness race
32 1924 Ferber novel
33 Little newt
36 It's NNW of Oklahoma City
37 Rounded lumps
38 Nicholas I or II, e.g.
39 Mule of song
40 Nash's two-I beast
41 Hardly elegant
42 Easy two-pointers
44 Concert halls
45 Starts of tourneys
47 Last course
48 Peres's predecessor
49 "—— That a Shame"
50 Eggs
51 "Come on!"
58 —— canto (singing style)
59 Characteristic
60 Confuse
61 Right-angle joint
62 Steinbeck migrants
63 Dapper

DOWN

1 —— a plea
2 "Now I see!"
3 Beatnik's exclamation
4 Skill
5 Sweetheart's assent
6 Cancel, as a launch
7 Drub
8 Lodge member
9 Luau instrument
10 Alternative to a purse
11 Err on stage
12 Cause for blessing?
13 Get ready for battle again
18 Average figures
22 Org. for Bulls and Bullets
23 Fools
24 Ex-Mrs. Trump
25 Four-time Emmy-winning comedienne
26 Ran, as colors
27 —— the Hutt, of "Star Wars"
28 Medical suffix
30 Certain mikes
32 Knee hits
34 Mountebank
35 Lovers' engagement
37 Rather morose
38 Suns
40 Deceiving
41 Nuclear treaty subject
43 "The Greatest"
44 —— cava (path to the heart)
45 Explore
46 "Bolero" composer
47 They're losing propositions
49 French friend
52 Bother
53 —— tai (drink)
54 Nutritional abbr.
55 N.Y.C. summer clock setting
56 Model Carol
57 Lock opener



Puzzle by Brendan Emmett Quigley

© New York Times/Edited by Will Shortz

Solution to Puzzle of May 5

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		P	E	A	C	E	O	F	F	I	C	E	R	
A	C	A	R	E		I	N	D	O		C	O	L	E
S	I	M	O	N		N	E	E	R		E	L	L	E
H	A	I	F	A		G	E	R	M		R	E	A	D

Harry's
Est. 1911, Paris
"Sank Roo Doe Noo"
A Space for Thought.

Cambodian Attack Sparks Fear of New Political Infighting

Compiled by Our Staff From Dispatches

PHNOM PENH — Unidentified gunmen killed an announcer and wounded two other people in an attack on a state-run television studio in southern Cambodia, and the police said Monday that the attack appeared to have been politically motivated.

Officials feared that the attack would mark a new escalation in the dispute between the two top parties in Cambodia's stumbling coalition government, the royalist Funcinpec and the Cambodian People's Party, formerly the Communist Party.

The conflict has nearly paralyzed the country and brought it to the brink of a war between factions loyal to the nation's rival prime ministers, Prince Norodom Ranariddh and Hun Sen.

Seven men went to the studio in the southern port city of Sihanoukville on Sunday night and opened fire with AK-47 assault rifles and rocket-propelled grenades.

One announcer was shot and died later at a hospital, another announcer and a guard were wounded, and transmission equipment was destroyed, the police chief of Sihanoukville, Em Bunsath, said by telephone.

An Interior Ministry official said Funcinpec had asked days earlier that the Sihanoukville state television network broadcast a speech by one of its top officials, attacking the Cambodian People's Party. Armed men later went to the house of the station chief and made the same demand. The station chief refused. *(Reuters, AP)*

GOLD: *Indonesia Bonanza Proves a Hoax*

Continued from Page 1

curities records in Canada show that the Walshes earned nearly $26 million last year from stock sales and options. Mr. Felderhof cashed out more than $30 million in shares.

The Toronto Stock Exchange said Monday that it would suspend Bre-X shares until further notice.

Bre-X's discovery began to unravel in January, when a fire at the site destroyed geological records. On March 19, Mike de Guzman, the geologist who had co-discovered the Busang site, fell to his death from a helicopter over the Indonesian jungle. He was en route to a meeting with representatives of Freeport McMoRan.

On March 26, Freeport said seven of its test holes drilled near supposedly rich holes made by Bre-X had found only "insignificant amounts of gold." That triggered a panic among investors. On March 27, Bre-X stock fell 84 percent in value in a volume of trading so great that it repeatedly knocked out the main computer at the Toronto Stock Exchange.

Mr. Walsh responded that the Freeport tests must be wrong and hired Strathcona, a highly respected consulting firm, to test the samples independently. Strathcona in effect endorsed the Freeport tests, confirming suspicions that particles of gold had been planted in the soil samples drawn from the site, a practice known in the mining trade as "salting."

Late last week, Bre-X officials were talking freely about the need for large-scale bulk samples to accurately determine how much gold lies under the jungle floor at a difficult site like Busang. Bre-X had drilled 300 test holes over the course of more than two years in coming up with its initial results. Both Freeport's and Strathcona's testing was limited to a handful of holes. Bre-X is likely to try to defend itself by insisting that more thorough testing needs to be done.

While Strathcona did not identify any suspects, attention has focused on Mr. de Guzman, whose plunge from the helicopter was described by Indonesian and Bre-X officials as a suicide brought on by his depression over a recent medical diagnosis that he had hepatitis B.

The Indonesian government vowed Monday to punish whoever was responsible for the huge gold mining hoax.

"The lawbreakers must be sanctioned," Mining Minister Ida Bagus Sudjana said.

Mr. Hasan urged the government to impose stricter regulations for the analysis of ore samples, including a requirement to seek a second opinion from independent experts before new finds are announced.

"I think the government will execute stronger regulations so they will protect international investors more," he said.

But Mr. Hasan said that neither he nor the Indonesian government had been embarrassed by the affair.

"It is all business," he said. "And in business sometimes you make money. Sometimes you don't."

Until it began to unravel, the Bre-X story seemed like a capitalist fairy tale come true. Mr. Walsh was a persevering but largely unsuccessful entrepreneur emerging from personal bankruptcy in 1993 when he scraped together enough capital to buy exploration rights to the Busang claim.

Shortly afterward, Mr. Felderhof and Mr. de Guzman reported gold on the site. Then, what was first reported as a solid, if unspectacular, claim began to grow in value. Bre-X raised the estimates of the amount of gold from 30 million ounces to 39.2 million, 57.3 million, 70 million and more. *(LAT, NYT, AFP, Reuters)*

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EUROPE

Tight Race Is Shaping Up in France

Poll Shows Governing Coalition and Leftists at 38% Each

Compiled by Our Staff From Dispatches

PARIS — An opinion poll released Monday showed the French left running neck-and-neck with the governing center-right coalition and gaining ground before a two-stage parliamentary election on May 25 and June 1.

The Louis Harris survey for LCI television found the center-right coalition and the opposition alliance of Socialists and Communists could poll 38 percent of the votes each. The Harris poll was the third in two days showing the left gaining ground.

Among the 1,003 voters questioned on Friday and Saturday, 45 percent said they hoped the left would win — up from 42 percent the previous week — while 43 percent hoped for a center-right victory, a percentage that was unchanged.

But 63 percent believed the conservatives were more likely to win; only 21 percent expected a triumph by the left.

The survey put support for the governing coalition at 34 percent, down 3 points from the previous week, with other allied parties on the right polling an additional 4 percent.

The Socialists stood at 27.5 percent, up from 26 percent, with their Communist allies gaining 0.5 percent, to 10.5 percent. Ecologist groups, of which the biggest, the Greens, is an ally of the left, were unchanged at 7 percent. The far-right National Front was stable at 15 percent.

Eighteen percent of voters had no opinion. Among those who did, 30 percent said they could still change their minds.

Asked who was staging the best election campaign, 22 percent chose the Socialist leader Lionel Jospin and 13 percent chose Prime Minister Alain Juppe.

The survey did not project a breakdown of seats in the National Assembly. But two polls published Monday cut the predicted majority of the Rally for the Republic and Union for French Democracy, which controlled 80 percent of the outgoing National Assembly.

A survey by the Sofres polling institute, published in Le Figaro, predicted the center-right would win by 29 seats, while a BVA survey put the lead at 34 seats. On Sunday, an IFOP poll had predicted a 14-seat margin of victory.

Leaders of the center-right bloc warned against complacency Monday.

As the campaign was officially opened, Mr. Juppe underlined the gamble taken by President Jacques Chirac in calling the elections a year before they were due.

He said he had always believed that the elections "would be very well contested," and Foreign Minister Herve de Charette warned bluntly, "Things are not sorted out in advance."

In what was seen by some as another sign of the seriousness with which the right is taking the threat, Mr. Chirac was reported to be preparing a direct appeal to French voters — probably on Wednesday, the second anniversary of his own election.

A record 6,300 candidates had registered in France's 577 constituencies by midnight Sunday, the deadline for the official four-week campaign.

The race began April 21, when Mr. Chirac dissolved Parliament and announced an early election, saying he needed a mandate to take France further into the European Union. *(Reuters, AFP)*

French Truckers Block Roads

Agence France-Presse

BORDEAUX — A French trade union official was killed Monday as truckers set up roadblocks on major thoroughfares and at fuel depots in what was feared could be a replay of crippling truckers' protests in November.

The official, Didier Pinson, was killed accidentally when a truck from Toulouse began a roadblock at Ambes near this southwestern city, unions and the police said.

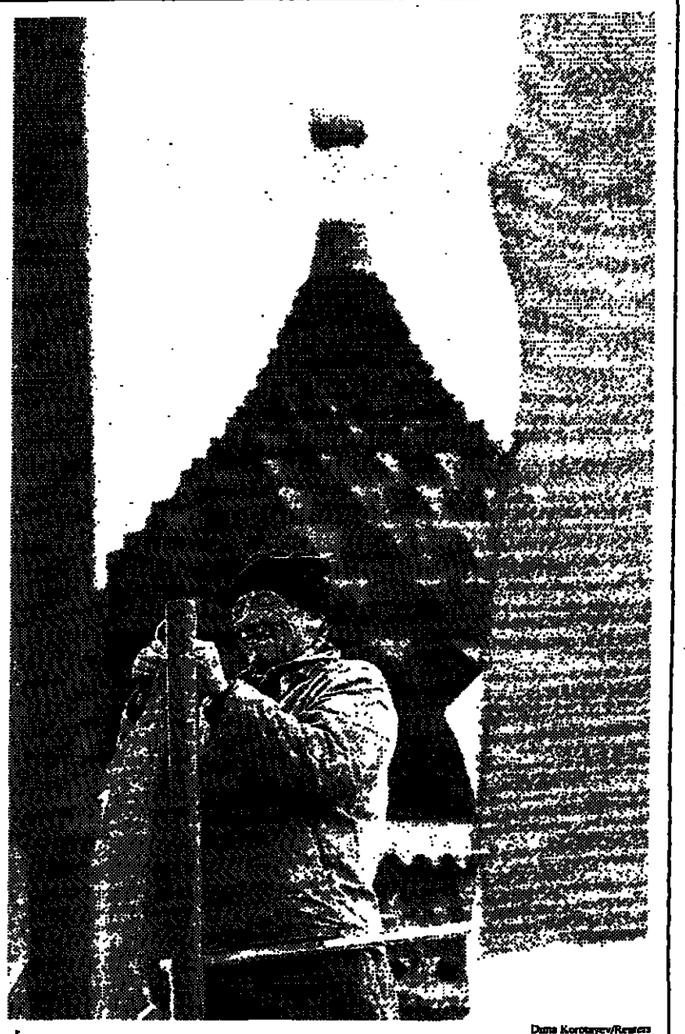
The police said Mr. Pinson, 41, was killed after jumping onto the steps of the truck, apparently in a bid to persuade the driver not to force the roadblock. Though the truck was moving slowly, the official fell off and was crushed.

The strike was called over salaries, working conditions and the right to retire at 55 — the same demands as those that had sparked the 12-day truckers' strike in November that disrupted traffic across France.

Roadblocks were also set up on several roads in northern France after the call by the Communist-led CGT and the independent Force Ouvriere unions for a one-day strike. Other roadblocks, traffic slowdowns and protest strikes were reported in Mulhouse, Lille and Toulouse.

A traffic slowdown was mounted on at least one road in the north, while in Bordeaux, truckers blocked access to two fuel depots, according to the CRICR transport information authority.

In November, truckers set up about 250 roadblocks nationwide for 12 days, virtually paralyzing the country and drawing protests from France's European neighbors after foreign truckers were caught in the chaos.



Dana Korotayev/Reuters

CONQUEST — A worker hanging red flags in Red Square in preparation for Victory Day. On Friday, Russia will celebrate the 52d anniversary of the defeat of Nazi Germany in World War II.

Ex-King's Son Hurts Chance To End Exile From Italy

The Associated Press

ROME — The center-left government says it wants to allow the son of the last Italian king to return from exile. But the royal descendant is not making it easy for himself.

Comments by the descendant, Victor Emmanuel, that the anti-Semitic laws adopted in Italy's Fascist era and approved by the royal house "weren't so terrible" have drawn a storm of protest.

On Monday, Deputy Prime Minister Walter Veltroni said such remarks recalled the "political madness" of Fascist Italy, which led to anti-Semitism and the jailing of opponents and helped bring on World War II.

Nevertheless, Mr. Veltroni, speaking to a group of students, said that the king's male descendants should be allowed once again to touch Italian soil.

The cabinet presented a bill to Parliament to end the royal ban instituted after a postwar referendum that turned Italy into a republic and abolished the monarchy. If approved, it would clear the way for the return of Victor Emmanuel, who left Italy at the age of 9 and now lives in Geneva, and his son Emmanuel Filiberto, 25.

Victor Emmanuel's father, Umberto II, reigned for 26 days before being sent into exile in 1946. He died in Geneva in 1983. Umberto II's father, Victor Emmanuel III, supported Benito Mussolini's Fascist government.

In 1938, he signed laws promulgated by Mussolini that expelled Jews from government and university jobs and the military and restricted their opportunities for work and schooling and their right to own property. Nearly 8,000 Jews in Italy were sent to concentration camps, and only 600 of them survived.

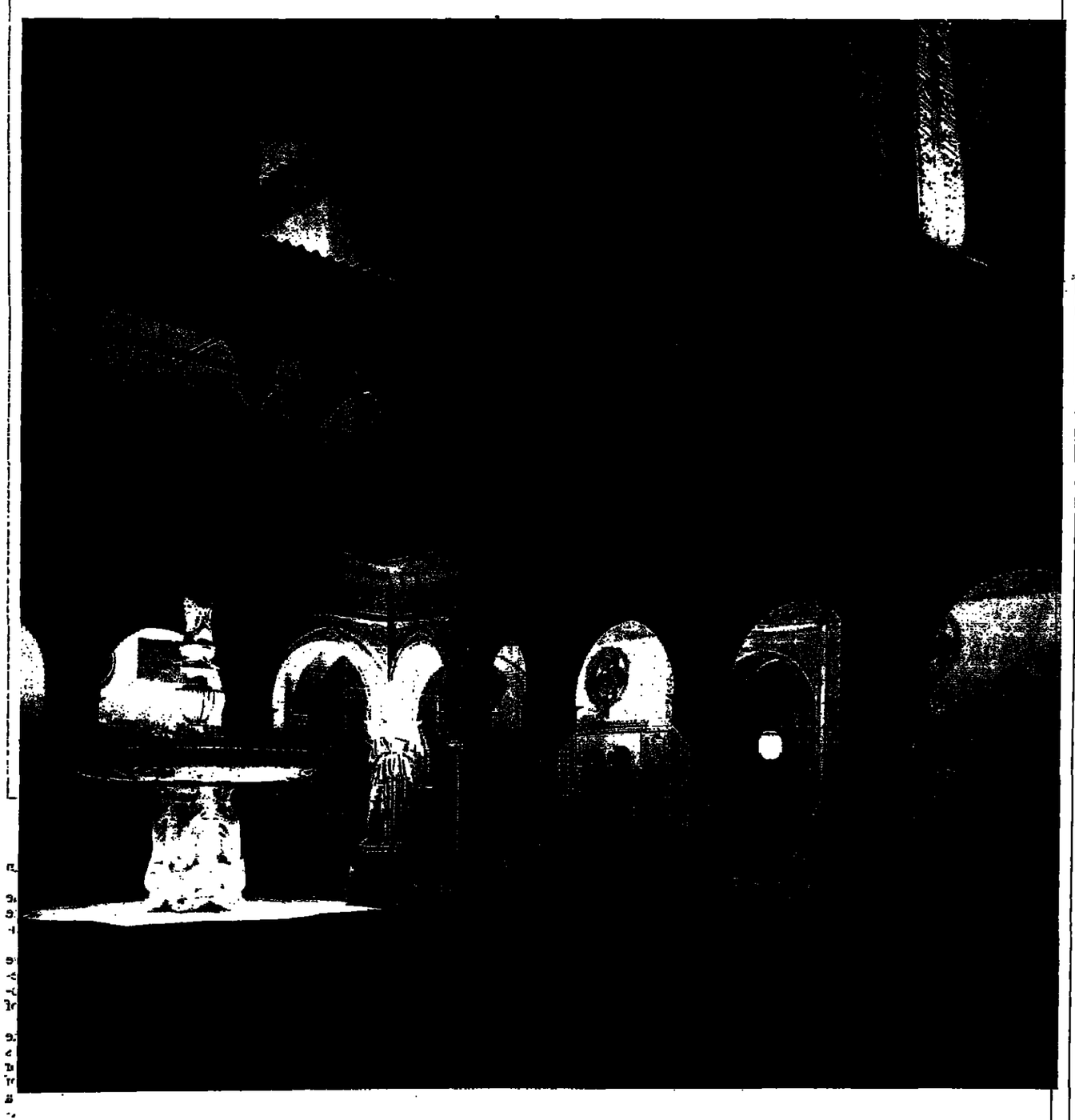
After the cabinet announced its move, Italian state television asked Victor Emmanuel in Geneva whether he thought it his duty to make a symbolic apology for the laws.

"No, no. I wasn't even born," he said. Of the royal house and the laws, he said, "No, they weren't so terrible."

He later issued a statement saying he was only a year old when the laws were signed and bore no responsibility for them. He said his grandfather the king opposed the laws and tried to reduce their impact. He declared himself opposed "to any form of anti-Semitism and racism."

Members of the center-right opposition said that if the king's descendants were allowed to return, the constitutional ban on reconstructing the Fascist party also should be changed.

The rightist component of the opposition, the National Alliance, is descended from the neofascist party set up by Mussolini's supporters just after the war. One of its deputies is Mussolini's granddaughter, Alessandra Mussolini.



BRIEFLY

180 Albanian Refugees Repatriated by Italy

ROME — Italy sent home 180 Albanians, classified as "undesirables," just hours after they arrived on a boat packed with more than 1,000 refugees at the southern port of Bari, coast guard officials said Monday.

A port official said the aged tanker was carrying 1,229 Albanians, including many women and children, when it docked Sunday. Most were sent to refugee centers around the country but some were repatriated immediately.

The tanker, the Irini, set out Saturday from close to the northern Albanian city of Shkoder and was intercepted Sunday in Italian waters. The coast guard tried in vain to persuade it to turn back. *(Reuters)*

Bikers Are Suspected In Swedish Shop Blast

STOCKHOLM — A powerful bomb destroyed an automobile repair shop before dawn Monday in an attack that police suspect is tied to the Nordic biker war.

There were no injuries in the explosion in an industrial area of Helsingborg, about 500 kilometers (about 300 miles) southwest of Stockholm. No arrests were made.

The police said the shop had repaired cars belonging to members of the Bandidos biker gang, which has been feuding with the Hell's Angels for more than three years in Sweden, Finland, Denmark and Norway. *(AP)*

ETA Bomb Rocks Base

MADRID — As the funeral of a slain policeman took place Monday, the armed Basque separatist group ETA set off a bomb inside the living quarters of a northern Spanish military base, news reports said.

No one was reported wounded in the blast at the Araca military base on the outskirts of the Basque regional capital, Vitoria, said the private Europa Press news agency. The explosion badly damaged the office of a colonel.

The explosion came as the funeral took place in the Basque city of Bilbao of a Civil Guard officer who was shot at a restaurant Saturday in a killing that bore the hallmarks of ETA. *(AP)*

Polish Chief Is Pelted

WARSAW — Poland is concerned that its president's security came under threat when four rightist Poles got close enough to fling eggs at him during a visit to Paris, the government's spokeswoman said Monday.

Aleksandra Jakubowska, a spokeswoman for President Aleksander Kwasniewski, said that if eggs could reach the president then so could stones and hand grenades.

Mr. Kwasniewski and his wife, Jolanta, were entering a Paris theater Sunday when the protesters threw the eggs, which missed their target. *(Reuters)*

Italy Stance on Budget

ROME — The Italian government decided Monday to put a supplementary budget, which is aimed at reducing its deficit to qualify for the European single currency, to a vote of confidence in Parliament.

The center-left government adopted the supplementary March 27 to ensure that Italy qualified as a founder of the single currency that is to be inaugurated Jan. 1, 1999.

The rightist opposition, led by Silvio Berlusconi, strongly attacked the supplementary budget and warned that it would adopt obstructive tactics in Parliament. *(AFP)*

For the Record

Silvio Berlusconi, 60, has had emergency surgery to remove a kidney stone, a statement issued by his political party Forza Italia said Monday. *(Reuters)*

Ex-Guard At Swiss Bank Flees to U.S.

Reuters

ZURICH — A night watchman who lost his job after blowing the whistle on a Swiss bank's shredding of Holocaust-era documents has told a newspaper that he has fled to the United States to escape death threats and find a job.

"I would prefer to stay in Switzerland, but the people in my country don't understand me," the former watchman, Christoph Meili, told a Swiss daily, Le Nouveau Quotidien, from New York in an interview published Monday. "I am being treated like a criminal."

Mr. Meili smuggled documents bound for the shredder out of Union Bank of Switzerland in January and gave them to Jewish leaders in Zurich, who alerted prosecutors to a possible violation of a ban on destroying any material that could help find unclaimed wealth.

Mr. Meili, who is married and has two children, was suspended from his job by the security company for which he worked, and later dismissed.

UBS says the destruction of old records from a subsidiary it acquired in 1945 was a "regrettable accident" and insists no client records were lost that could aid the search for missing assets that Hitler's victims may have deposited in Swiss banks.

Jewish groups hailed Mr. Meili, 28, as a hero and held him up a model of moral courage. But the incident could lead to criminal charges against him of violating banking secrecy.

"I don't really feel safe any more," Mr. Meili said, noting one survey found most Swiss did not approve of his action. "We received death threats against us and the children."

Mr. Meili said he hoped allies like Senator Alfonse D'Amato, Republican of New York, and the World Jewish Congress — outspoken critics of Switzerland's secretive banks — could help him make a new life in the United States.

He stopped drawing a salary at the end of April and has to wait several weeks to draw unemployment assistance after an unsuccessful stint as a mobile telephone salesman.

In January, the Anti-Defamation League of B'nai-B'rith presented Mr. Meili a golden menorah, a Jewish religious candle-holder, and 50,000 Swiss francs ($34,000) in January to help cover living expenses and legal fees, but Mr. Meili said he had not seen a cent of the money.

SPAIN MAY BREAK

A STOPOVER IN SEVILLE CAN SATISFY A PASSION FOR THE MOST PALATIAL OF LIFE'S TREASURES

The capital of Andalusia is arguably the most beautiful city in Spain. Its hidden delights and unique character are joys shared by its people and its visitors.

ESPAÑA

For Arabs of East Jerusalem, an ID War With the Israelis

Steady Confiscation of Legal Papers Puts Thousands in Precarious Limbo

By Barton Gellman
Washington Post Service

JERUSALEM — Eight months pregnant and wobbly on her feet, Qudsia Diab Manko traveled recently to the Israeli Interior Ministry for what she thought would be a joyful milestone. After years of waiting, the East Jerusalem Arab had been summoned for a "positive answer" on her request for legal papers for her husband.

Mrs. Manko, 29, knew something had gone wrong when the permit clerk produced a form letter typed in Hebrew, which she could not read.

"I asked him what was written there," recalled Mrs. Manko, who was born the year after Israel captured her neighborhood from Jordan in 1967. "He said, 'Everything is fine, just give me your identity card.' I gave him my ID and he gave me the paper and he said, 'You, your husband and your children have 15 days to leave the country.' Then he said good-bye."

Mrs. Manko, whose first name means "Jerusalemite" in Arabic, is one of more than a thousand Arabs whose right to live in East Jerusalem has been revoked by Israel since last year. She learned, after trudging through the rain from office to office the next day, that she had no right to a hearing or appeal.

"I am afraid to give birth because I have no papers," said Mrs. Manko, who is due any day. "I don't know which hospital to go to. How will I register? How will I get a birth certificate?"

The Israeli practice of stripping East Jerusalem Arabs of their legal papers, begun in the last months of the previous government and increased since Prime Minister Benjamin Netanyahu came to power, is transforming those affected into illegal immigrants in the city of their birth.

With 1,047 cases acknowledged by the government since last year, and thousands more family members affected in practice, the campaign has reached a scale at which it is beginning to shift the city's demographic balance.

Less publicized than conflicts over Jewish home-building in East Jerusalem and the West Bank, the confiscation of Jerusalem IDs looms at least as large in the popular Palestinian belief that Israel intends to impose its will instead of negotiating as promised on the holy city's future.

The human-rights groups B'tselem and Hamoked call the campaign a "quiet deportation," and the Palestinian leader, Yasser Arafat, told foreign diplomats in March that it amounted to "a serious ethnic cleansing campaign."

Israeli officials deny a political motive. They say the East Jerusalem Arabs are losing their papers under neutral rules that apply to other nationals as well. Mrs. Manko and others like her, they maintain, are forfeiting their right to live here by moving, albeit temporarily, outside Jerusalem or by acquiring residency rights in another country. Israeli Jews are not similarly affected, they said, because they are citizens and not subject to the same rules.

Under U.S. and international pressure, Mr. Netanyahu said on CNN last week that he would "make it easier for those who have lost their identity cards to get them back."

He has not, however, ordered a halt in the revocation of Arab ID cards or drafted legislation to do so.

David Bar Illan, the prime minister's director of communication, said Mr. Netanyahu wanted to change the law but that it would "not be an easy matter" because there "may be members of the coalition who object to it strenuously."

The man most responsible for enforcing the policy, Interior Minister Eli Suissa, is one of those. He said his ministry's goal, acting within the law, was "to prevent a flooding of Jerusalem" by Arabs and promote "a rise in the Jewish population."

"We will fight with all our power in the war over Jerusalem, whether through this law or through the building and planning law or another law," he said in an interview. "It does not matter what means I use or other ministers use."

The identity cards in question, granted to East Jerusalem Arabs after Israel's victory in the 1967 war, confer the right of "permanent residence." Although falling short of citizenship, the cards entitle their holders to live and work in the city without the special permits required of other Palestinians.

Confiscation of the identity cards is intended, avowedly, to effect the departure of their holders from the city. The government has not sent soldiers and trucks to enforce deportations, as it did in the West Bank before an international outcry stopped the practice in 1989. But the loss of legal papers makes normal life impossible and exposes those without them to the risk of arrest.

Those who remain illegally lose their right to receive health care, to collect social insurance or to enroll their children in school. Some lose the only means they had to travel across international boundaries.

Among those ordered to leave their homes in Jerusalem are 105 Arabs who hold U.S. passports or green cards, a fact that has drawn sharp but fruitless protests from the United States.

Kathy Riley, chief U.S. consular officer in Jerusalem, said she had had five or six meetings with the Interior Ministry, adding: "We're asking, 'Why have you changed this all of a sudden? For 30 years you haven't had this policy. Why now are you implementing this?' "

At the same time it is stripping identity cards from East Jerusalem Arabs, the government has all but halted the granting of "family reunification" permits under which spouses and children of residents are allowed to join them. An Interior Ministry spokeswoman, Tova Elinson, said there was insufficient staff to process the backlog of 8,000 Arab requests since 1994. During the same period, her ministry evaluated and approved 236,268 applications for citizenship for Jews or their family members abroad, according to the Central Bureau of Statistics.

Jamal Arar/Agence France-Presse

Workers cleaning up Monday after fire destroyed most documents in a registrar's office run by the Palestinian Authority's Interior Ministry in Al Ram, near Jerusalem. The Palestinians accused Israeli agents of setting the fire.

Murray Kempton, Columnist, Dies at 79

The Associated Press

NEW YORK — Murray Kempton, the Pulitzer Prize-winning columnist who used to make his way to news events by bicycling through the canyons of Manhattan, died Monday. He was 79 years old.

Mr. Kempton had been diagnosed with cancer last winter, but the cause of death was apparently a heart attack, Chiara Coletti, a friend and former colleague of the Newsday columnist said.

An elegant phrase-maker, Mr. Kempton was a familiar figure on the streets of New York in a 45-year career with various publications. As recently as five years ago, he would pedal his bike to an assignment wearing a three-piece suit and clip on his right leg.

He joined Newsday in 1981 after many years at the New York Post.

In 1985, he received the Pulitzer for commentary. He also won two George Polk awards during his career.

The citation for his Polk award in 1988 praised him for representing "the highest standards of the profession."

"Whether covering U.S. presidents, civil rights activists or even gangland figures," it read, "he has demonstrated the tough-mindedness, courage and sensitivity that are in the best tradition of the awards."

Mr. Kempton's freelance articles appeared in such magazines as the Reporter, Commonweal, Life, Harper's, Atlantic Monthly, Esquire, Playboy and the New York Review of Books.

He made a foray into politics in 1968 as a delegate for Eugene McCarthy at the Democratic National Convention in Chicago. He was arrested at a street protest there and convicted of disorderly conduct in a march protesting the nomination of Hubert Humphrey.

ZAIRE: *Rumor Mill Gives the Rebels Psychological Ammunition*

Continued from Page 1

and chaos," Mr. Richardson said after talks with Mr. Kabila.

[Mr. Richardson brought Mr. Kabila what a U.S. diplomat said was an urgent message from President Bill Clinton.]

Word of a supposed threat to the Kinshasa airport was already hanging thickly in the air Sunday evening. This explained, many here say they believe, Marshal Mobutu's abrupt decision not to take a 45-minute flight home from the Pointe-Noire meetings Sunday night as expected, but to wait instead until daylight.

Mr. Kabila has used much the same tactic in capturing every major city of Zaire: He announces days, sometimes weeks, beforehand that his men are coming, sweating the enemy out by raising the tension level to the point where government troops flee rather than fight. With each new conquest, the threats grow more and more difficult to ignore, even as they become more fantastic.

Among Kinshasa's elite, where there is deep disappointment that Marshal Mobutu did not conclude a deal for his departure Sunday that would spare the city a rebel assault, people already seem just a hairbreadth from full-blown panic.

"Mobutu said his health would not allow him to climb into a helicopter to take him to the meetings with Kabila," said a resident of Binza, a hilly neighborhood of huge, high-walled villas. "Why has he come back here then? When we start hearing gunfire, he will surely find a way to jump into a helicopter, and we will be left behind to pay."

Down the hill, in Kinshasa's teeming low-lying districts, people cite other reasons for regretting that Marshal Mobutu did not simply quit power, as many poor Kinshasans had hoped he would do Sunday.

"Didn't you notice that you had to drive through a lot of mud to get here?" asked Justin Mukema, a 24-year-old student in the Macina district. "Is it normal that the streets should be like this in the capital of a country that is rich? Mobutu has tricked all of his adversaries until now, but the time has finally come for him to go."

Other residents heaped invectives on Marshal Mobutu, making it clear that Mr. Kabila and his rebels will be greeted as eagerly in Kinshasa as in any of the other places they have already conquered. "Let Mobutu understand that Zaire does not belong to him anymore," said Sylvie Ndjoli, a 30-year-old hospital worker. "Why didn't he just leave yesterday?"

■ Refugees Die in Stampede

While the United Nations averted an attempt to move more Rwandan refugees by train Monday, Zairian rebels brought hundreds by truck and dumped them by the bodies of those killed in a stampede on the railroad, Reuters reported from Kisangani, Zaire.

On Sunday, 91 refugees were crushed to death in an overcrowded train traveling from Biaro to Kisangani.

HONG KONG: *Remember the '60s, Next Ruler Says, Drawing the Line on Protests*

Continued from Page 1

that the right to demonstrate would face new restrictions if the protests ever touched on areas considered sensitive to mainland China and on questions of China's territorial integrity.

He said such restrictions were necessary because China's history of defeat and humiliation at the hands of foreign powers gave its people "a historic burden" on issues of sovereignty.

"If, there is a demonstration on, let's say, Tibetan independence, it will be something we will be looking at very, very seriously," he said. Asked whether demonstrations advocating Taiwanese or even Hong Kong independence would be allowed, he replied, "No."

"As a Chinese person, I would find it very, very difficult for these demonstrations advocating the independence of these places taking place in Hong Kong," he said. "There is a depth of feeling by the Chinese people on these issues which I hope others will understand and appreciate."

He said rules on what demonstration topics were to be off-limits would be included in the local ordinance covering public protests once his legal team works out the precise language. Under proposals introduced last month, people wishing to stage public rallies would be required to seek police permission, and the police would be empowered for the first time to ban rallies if "national security" is threatened. At present, protest organizers are required only to "notify" the police, and senior police officials have said that they are not interested in the content of protest rallies.

Those proposed new restrictions have ignited a storm of protest from political parties, legal associations, human-rights groups and others who say they amount to a rollback on a basic freedom: the right to assemble peacefully. But Mr. Tung said Monday that his proposals would be no more restrictive than rules on the books in other major cities.

He also defended his proposal to place new prohibitions against local Hong Kong political parties raising funds abroad — a measure seen here as aimed at thwarting the territory's most popular party, the Democratic Party, which won the largest number of seats in the 1995 elections and which raises cash during forays abroad by the party's leaders.

GERMANY: *Need for New Model Meets Resistance to Change*

Continued from Page 1

But, since Mr. Blair's landslide victory in the May 1 elections, the British model has raised unsettling questions here for a political class that President Roman Herzog has described as paralyzed in its inability to define a course for the future.

On its cover Monday, for instance, Der Spiegel, the weekly news magazine, displayed a triumphant Tony Blair waving a Union Jack from the top of London's Big Ben toward Germany's top Social Democrats — Oskar Lafontaine, the party leader, and Gerhard Schroeder, his main, presumptive challenger. "Model for the change of power?" it asked.

And, in public utterances reflecting the Blair victory, Mr. Schroeder has spoken of a need for change within his party, so that, like "New Labour," it reaches out beyond the labor unions to the middle class if it is to be a contender in national elections scheduled for October 1998.

His party, he said in an interview published Monday, "wants to win and that is why it will realize we have to change. Otherwise, there is too great a danger that we will be written off as old-fashioned."

Mr. Schroeder, though, is in an anomalous position. Opinion surveys show consistently that 60 percent of respondents feel he would make a better Social Democratic candidate next year than Mr. Lafontaine. Equally, though, within the Social Democratic Party, Mr. Schroeder has far less support than Mr. Lafontaine.

The comparison with Mr. Blair does not go too far, either. At 53, Mr. Schroeder is 10 years older and is far from being able to remodel the Social Democrats. Unlike Mr. Blair's squeaky-clean personal image, moreover, Mr. Schroeder's private life-style got something of an airing last year when he left his wife for a younger woman and later went on to a glittery ball in Vienna, flying in a private jet provided by the Volkswagen car giant.

Neither could Mr. Kohl be said to resemble the defeated John Major. With an iron grip on his party, Mr. Kohl has made the idea of closer European integration a rallying-cry, to the extent that it is seen as political heresy to even question the notion of a common European currency, the issue that most split Britain's Conservatives.

For all that, Mr. Kohl's Christian Democrats have been in power for a long time and seem bereft of inspiration to solve the country's most pressing problems — record unemployment and a creeping bewilderment about where ordinary people fit in a rapidly changing world.

Like the British Conservatives, moreover, the Christian Democrats have begun to see themselves as an immutable ruling class, as Mr. Kohl made clear when he announced last month that he would run for an unparalleled fifth term of office next year.

Mr. Kohl has always played and won on the idea that, in times of uncertainty, enough Germans will display an instinctive conservatism and vote for what they know: rather an experienced chancellor, he has said dismissively of his adversaries, than a man in a midlife crisis.

Equally though, opinion surveys show an ambivalence toward him: While roughly 60 percent of respondents say they think he will win a fifth term next year, only 40 percent say they want him to.

For the Social Democrats, by contrast, the issue is to define an alternative, either, as Mr. Lafontaine does, by opposing what he depicts as Mr. Kohl's dismantling of the welfare state, or, as Mr. Schroeder does, by advocating a far broader need for change.

Marwan Naamani/Agence France-Presse

POPE BALLOON — A Beirut tribute to Pope John Paul II's visit to Lebanon this weekend.

MEXICO: *Awaiting the Northern Giant*

Continued from Page 1

arable, there is rarely a sense of shared problems or common future, except in academic circles and at high levels of business and government.

"Clinton comes confident that he is considered a 'friend' because he has rescued us twice, no matter what the U.S. Congress thinks," said Marco Rascon, an outspoken congressman from Mexico's leftist opposition party, in a recent newspaper commentary.

"Clinton represents those who propose intentionally provoking a crisis in Mexico to generate a 'conditional rescue,' which effectively results in the U.S. imposing its own conditions."

Such bitterness might surprise Mr. Clinton, who stuck his political neck out to push for passage of the North American Free Trade Agreement, who stitched together a $50 billion bailout when the Mexican peso collapsed in late 1994 and who battled congressional efforts this year to decertify Mexico as a cooperative partner in the campaign against drugs.

But far from receiving plaudits, the United States gets pounded daily in the Mexican press and on the floor of Congress in Mexico City.

"There's a lot of irritation against the U.S. government," Cuauhtemoc Cardenas, the center-left Party of the Democratic Revolution candidate for mayor of Mexico City, said in an interview.

When Mexican officials visited the White House to help plan Mr. Clinton's visit, they recommended that he tailor his speeches to winning the support of the Mexican public, partly by drawing a clear distinction between his pro-Mexican attitudes and the supposedly anti-Mexican actions of the U.S. Congress, according to Mexican officials.

Mr. Zedillo conceded Friday that, in recent weeks, relations "were not particularly smooth."

"The key challenge for the president is to repair the breach," said a White House official, noting the frayed feelings and lingering distrust between the two countries. After a stormy winter — during which Mexico arrested its anti-drug czar on narcotics charges while the U.S. Congress thrashed Mexico in the certification debate and enacted more stringent immigration law — senior officials in both governments are eager to emphasize their friendship.

Thomas McLarty, the president's special envoy for the Americas, said that "there's a tremendous amount of commerce and other links, but it's not the kind of family or personal relationship" that is fundamental in a "meaningful and deep relationship."

Ten bilateral agreements are to be signed during the visit, the cornerstone of which is the scheduled release of a joint assessment of the drug plague.

TV: *Nowhere to Hide as It Invades Everywhere From Dentist's Chair to Golf Driving Range*

Continued from Page 1

news nuggets and other information with sneaker and food commercials, has become a staple of the daily curriculum in some public-education systems.

The children's haircut chain Cartoon Cuts puts television sets in front of the barber's chair to keep young customers distracted.

Nielsen Media Research, the audience-measurement company, reports that most "out of home" viewing is done in the workplace. Besides regular programming, Nielsen also rates an array of "place-based" television networks — specialized channels that seek to capture the attention of people while they are doing something other than watching television.

Among these are channels aimed at Americans eating in shopping mall food courts (Cafe USA), in bowling alleys (Strike 10), in video arcades (Channel M), and on golf driving ranges (Pinpoint Golf Advertising).

The biggest name in the field is the CNN founder, Ted Turner, whose Turner Private Networks operates the airport channel and owns part of the food-court and doctor waiting room channels. It also supplies programs to an in-flight airline channel; a channel that plays on 250 college campuses, and another aimed at auto-parts stores.

The average American household had the television on for 7 hours 15 minutes per day in 1996, according to Nielsen.

The fallout from so much television is well studied. For decades, television has been blamed for everything from promoting violence in real life to trivializing political discourse. A more prosaic concern arises as televisions crowd into spaces that formally had been TV-free: simple peace of mind.

"Everybody talks about freedom of speech, but what about the freedom of my ears and eyes not to be bombarded every place I go?" said Joanne Cantor, a University of Wisconsin professor who studies television. "What about freedom from exposure?"

If the sheer number of sets doesn't get to you, clever technology might. The sets used by Mr. Turner's airport channel, for example, have a special drown-out volume control. If people near the set are talking, the volume automatically rises.

BRIEFLY

Israeli Is Indicted For Iran Dealings

TEL AVIV — An Israeli businessman was indicted Monday on charges that he sold Iran materials for the development of chemical weapons.

A court spokesman said the businessman, Nahum Manbar, was charged with "collusion with an enemy, obstruction of justice and violation of a publishing ban."

The court barred the release of further details of the indictment, including other charges against Mr. Manbar, the spokesman said.

Mr. Manbar was arrested March 27 after he flew into Israel from Europe, where he has lived since 1985. His arrest was kept secret until April 16.

Mr. Manbar's wife said this month that all of her husband's business dealings had been carried out with the knowledge of the Israeli defense establishment. *(AFP)*

Ruling Party Claims Victory in Yemen

SAN'A, Yemen — The ruling General People's Congress said Monday that it had won 187 seats in the 301-member Parliament in elections last month, the first since a 1994 civil war nearly tore the country apart.

The party's secretary-general, Abdul Karim al Iryani, also said that 39 independents had joined the congress, making it the single largest bloc in Parliament. Many of them are party officials who ran as independents in the April 27 elections.

Mr. Iryani, also deputy prime minister and minister of foreign affairs, said the Islah Party had won 54 seats. He said that six independents had decided to join that party in an alliance.

Five seats went to two opposition parties, he said, and the rest to independents.

The Supreme Elections Committee was expected to announce final results of the election late Monday.

Islah has accused the committee of bias, threatening court action in an election marred by shooting incidents that killed 22 people. *(Reuters)*

Kidnapping Victim Dies in Colombia

BOGOTA — A former legislator, held captive by leftist guerrillas for almost two years, drowned in a river in southern Colombia over the weekend as he was being taken to another hideout, the police said Monday.

Rodrigo Turbay was abducted by rebels of the Revolutionary Armed Forces of Colombia in southern Caqueta province in June 1995 on suspicion of stealing public funds.

Shortly before his kidnapping, Mr. Turbay was stripped of his post as Liberal Party representative in the lower chamber of Congress because of allegations he had links to drug traffickers. *(Reuters)*

For the Record

Chechnya issued an arrest warrant Monday for a guerrilla commander who took responsibility for a series of deadly explosions in Russia. The rebel, Salman Radnyev, took responsibility for two explosions last month at railroad stations in southern Russia that killed four people and wounded dozens of others. He also said that he had bombed a weapons depot in Russia's Far East, which caused no casualties. *(AP)*

Herald INTERNATIONAL Tribune
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Suharto Runs Scared

Although Indonesia's parliamentary elections will not be held until May 29, the government has already announced that it expects to get 70.02 percent of the vote. This is not evidence of advanced polling techniques, but rather of old-style political control. Elections in Indonesia are just another way to rally support for President Suharto and his government. Since this year's elections are the least free in decades, it is safe to assume the government thinks its popularity is slipping.

Voters will elect 425 members of Parliament. Next year, those parliamentarians will join 75 representatives of the military and 500 people of the government's choosing to elect a president. All indications are that President Suharto, who is 75 and has been in power for more than 30 years, wants and will get another five-year term. Seven of his relatives are candidates for Parliament and he may choose one of his children to succeed him.

Ten years ago, the ruling party won 73 percent of the vote, but in the 1992 election the figure dropped to 68 percent. This year Mr. Suharto is taking no chances. All the candidates are pro-government. The leader of one of the other government-approved parties, Megawati Sukarnoputri, began to acquire an independent voice and a following. The government quickly engineered a coup in her party and she is no longer its head. Many prominent critics of the government are on trial for subversion. No election street rallies are permitted, and all politicians' statements on radio and TV must be cleared by the government.

The restrictions are in part an attempt to prevent campaign violence in a year that has seen a series of riots. The first major one was last July, after government troops invaded Mrs. Megawati's party headquarters. Since then hundreds have died in riots all over the country. Indonesians interpret the violence as a sign of discontent and blame the absence of political outlets for protest.

The campaign restrictions, however, also reveal the government's panic. Some students and Megawati supporters have begun an underground movement to convince people not to vote. The only election result that will actually test the government's popularity is voter turnout, which is historically over 90 percent.

While in some Asian countries prosperity has brought popular demands for a more open political system, this has not yet happened in Indonesia. Despite impressive economic growth, Indonesia's middle class is still small by Asian standards, and largely made up of Chinese merchants, who tend not to be political, and government-employed teachers and bureaucrats. The events of the last year are the first signs of a movement that may one day bring democracy to Indonesia. They are apparently enough to scare Mr. Suharto.

—THE NEW YORK TIMES.

Backward in Belarus

While much of the world becomes more democratic, the former Soviet republic of Belarus is moving the other way. Brick by brick, you can watch its president, Alexander Lukashenko, construct a new police state as he consolidates his one-man rule. Independent radio stations are shut down, the nation's legitimate Parliament abolished. The country employs more police than neighboring Poland, although Poland has four times the population. Now every single telephone is being "re-registered," with customers having to promise that their phones won't be used for anti-government chatter. That someone will be listening in to enforce this promise is understood.

Last week Mr. Lukashenko took one of his most dramatic steps toward turning his country into a pariah when he slapped a $3 million "tax" on the Belarus Soros Foundation. The foundation, bankrolled by the financier George Soros, has given money to scientists, hospitals, schools, museums, Chernobyl survivors and other victims of post-Soviet impoverishment. It is the chief source of funds for what remains of Belarus's independent civil sector — media that don't parrot the official line, ecology and human rights groups and others. The punitive tax on a tax-exempt organization is legally ludicrous, but, at half of last year's foundation budget, it's enough to close Soros down in Belarus if not reversed. That may well be what Mr. Lukashenko wants, but both the West and Russia should make clear that it's unacceptable. The United States should promise help for any legitimate democratic organizations that had been depending on Soros. And it could do more: Since Russia is subsidizing Belarus, and the West is subsidizing Russia, leverage exists.

Belarus matters in part because its backward movement offers a discouraging example to countries all around that are moving the other way: Poland, Lithuania, Ukraine and Russia. It matters too because Russia and Belarus are contemplating a union that many Russian nationalists see as a step toward recreating the Soviet empire.

Some Russians see this union as a fitting answer to NATO expansion. There's a difference, though. The nations seeking to join NATO are, without exception, democracies — and generally the more democratic they are, the more they want in. In each case, elected parliaments will decide whether to sign up. The people of Belarus have no such say. Russia and its president, Boris Yeltsin, are doing themselves and their own young democracy no favors by aligning with a dictator such as Mr. Lukashenko.

—THE WASHINGTON POST.

Oklahoma Trial

Two years after the deadliest terrorist act ever committed on American soil, the trial of the Oklahoma City bombing case is just now getting under way in a packed federal courthouse in Denver. It is too early to predict whether Timothy McVeigh's defense lawyer, Stephen Jones, will be able to puncture the prosecution's largely circumstantial case sufficiently to establish reasonable doubt and win an acquittal. But the incriminating accounts presented by key prosecution witnesses in testimony last week suggest that Mr. Jones does not have an easy task.

What is clear beyond doubt, however, is that much more than Mr. McVeigh's guilt or innocence is being tested in Denver. On trial with Mr. McVeigh, one of the two men charged in the bombing, is the credibility of the nation's chief law enforcement organization, the FBI.

A highly critical report on the FBI's vaunted crime laboratory released last month by the Justice Department's inspector general has raised serious questions about the accuracy and integrity of some important evidence, including the lab's assessment of the size and composition of the bomb, and its finding of chemical residues on Mr. McVeigh's knife and clothing. The defense team has already signaled that it will try to exclude witnesses and evidence from the FBI crime lab, using as a starting point the inspector general's critique of dishonest and unscientific practices affecting the case. This exercise can only add to the FBI's embarrassment.

In a larger sense, and beyond the problems uncovered at the FBI's lab, the case will also test the nation's justice system and its ability to provide a fair and dignified public trial in an emotional and widely publicized case. The federal district judge presiding in the case, Richard Matsch, seems to sense this. He has already established a brisk pace and businesslike tone, making it clear he will keep tight control on the proceedings to prevent the courtroom antics tolerated by the California state judge, Lance Ito, in the needlessly drawn out O. J. Simpson criminal trial.

Unfortunately, the judge's quest for discipline sometimes carries him into dangerous territory. He has, for example, imposed excessively broad restrictions on what participants in the trial may say outside the courtroom. He also scrambled the numbers by which the jurors were known in the selection process in a frivolous and ultimately futile effort to prevent reporters from matching seated jurors to their responses during jury screening, including their views on the bombing and the death penalty. That is the kind of information the press and the public need to assess trial strategy and fairness. Almost 70 news organizations, including The New York Times, have filed a motion asking the judge to rethink his approach, which goes beyond what is necessary to ensure a fair trial.

—THE NEW YORK TIMES.

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Zaire's Future Could Be Worse Than Its Past

By William Shawcross

LONDON — As the United States and Europe try to broker a resolution to the crisis in Zaire, they should carefully consider who or what might replace President Mobutu Sese Seko.

There is growing evidence that the anti-Mobutu alliance, led by Laurent Kabila, is systematically murdering Rwandan Hutu refugees, including women and children, who are in eastern Zaire. Relief agency officials believe that Rwandan government soldiers, mostly ethnic Tutsi, are assisting in the atrocities.

In a news briefing last week, a spokesman for the UN High Commissioner for Refugees said his group was "receiving increasingly shocking reports of killings of refugees both in the area south of Kisangani," in eastern Zaire, and elsewhere.

Despite reports like this from the United Nations and humanitarian agencies, the United States and the Europeans continue to make the swift removal of the severely ill Marshal Mobutu their first priority, and have failed to put adequate pressure on Mr. Kabila to restrain his troops or those of his Rwandan allies, which make up the Alliance of Democratic Forces for the Liberation of the Congo.

The refugees, almost all Hutu, fled to Zaire after the Hutu-led genocide in Rwanda in 1994. Many of the Hutu men may be guilty of terrible crimes against the Tutsi of Rwanda. But justice should not be summary.

One appalling act was committed late last month, at 4 in the morning, when about 20 rebel troops entered Lwiro Pediatric Hospital north of Bukavu in Zaire. According to several reports from humanitarian agencies, the hospital staff recognized the chief of a Zairian rebel unit among the soldiers.

They seized about 50 Hutu children being treated for malnutrition and flung them into the back of a truck. They also took away about 60 adults. Two nurses and a health assistant who tried to intervene were severely beaten. It is still unclear what has happened to the children.

In recent weeks Zairian rebels have attacked camps from Kisangani south to Ubundu; anywhere from 50,000 to 80,000 Rwandans are missing.

Moreover, it has become clear that the Kabila forces are obstructing aid to refugees. Although Mr. Kabila originally agreed to an inspection by human rights observers, there is now doubt about whether he will accept an impartial team, according to UN officials.

Mr. Kabila must be held accountable for the killing of the Hutu refugees.

Under these circumstances, it is clear that the UN High Commissioner for Refugees cannot fulfill its mandate to protect refugees. It has only very restricted access to the population, and there is fear that if the agency takes a tough stand, the rebels will put up even more obstacles.

Despite the crisis, the European Union's tenacious commissioner for human rights, Emma Bonino, has had difficulty getting her colleagues in the EU to formally discuss the issue in Brussels.

The United States and the European Union should inform Mr. Kabila that they will continue their pressure on Marshal Mobutu only if the rebel leader agrees to try to stop the killings in eastern Zaire and if he agrees to respect basic human rights in the areas he controls. All future aid and assistance should depend on cooperation from him and the Rwandan government.

If Mr. Kabila takes power without his and the Rwandan military commanders being held accountable, the killing could continue.

Marshal Mobutu's reign may have been terrible. What is coming could be even worse.

The writer is on the board of the International Crisis Group, a nonprofit organization that monitors humanitarian relief. He contributed this comment to The New York Times.

Until Genocide Is Ended, There Can Be No True Globalization

By Sadako Ogata

The writer is United Nations high commissioner for refugees.

WASHINGTON — As we all know, genocide, characterized by the intent to destroy national, ethnic or religious groups, is the most violent and pernicious form of human rights violations. Yet in the decades since the Holocaust, we have not been able to prevent or halt even the most brutal forms of violence against whole groups of people.

It is true that the international human rights movement and especially the end of the Cold War have brought progress. The allied intervention in northern Iraq protected the Kurds there. The humanitarian interventions in Somalia and Bosnia saved people from starvation. In many other conflicts UN peacekeepers prevented new outbreaks of violence. Numerous lifesaving relief operations were mounted. All these attempts were unthinkable some decades ago. They are very positive, but not enough.

Bosnians and Rwandans perished because the major powers saw no strategic interest in helping them.

Why did it take until August 1995 before the people of Sarajevo and other besieged cities in Bosnia were saved by NATO and peace was pushed through? Is neutrality morally and practically viable in the face of widespread atrocities? Why was no country prepared to step into Rwanda at the height of the genocide in 1994? Why was the multinational force that had been authorized to come to the rescue of hundreds of thousands of refugees in eastern Zaire canceled in December of last year? Thousands of people have perished in eastern Zaire since then. The answer to these questions seems clear. It is because the major powers perceived no strategic interests or because their interests did not converge. In that sense the situation does not fundamentally differ from the Cold War years when political interests, stemming from ideological confrontation, were a cause for not halting the killing fields of Cambodia.

In my view there can be no true globalization, if it is only economic, if we do not even reach out to halt genocidal situations. While respecting cultural diversity, true globalization means universal respect for human rights, of the positive side of man, of the responsibility to provide protection against evil. That lies at the heart of refugee protection. Now, we have to take it one step further and be prepared to halt the worst evil at its source. That is my hope at the threshold of the next millennium. We need determined political leadership. We need citizens who are prepared to look beyond the domestic horizon and who can spur reluctant politicians into action.

I understand why they want to avoid risks involving soldiers in a faraway land. One of the reasons why we need an energetic and effective United Nations is to mitigate these risks through international burden-sharing. It is also why I advocate the establishment of an early and rapid deployment capability to intervene in the worst crisis situations. Such a capability would prevent escalation, would save money and, what is more important, would save lives.

We need a strong United Nations human rights machinery to prevent but also expose violations of human rights. We also need an international criminal court. The potential Pol Pots of this world — yes, the planners and not just the perpetrators — must be deterred by the prospect of criminal justice. And is it fair and realistic to expect the survivors to forgive and to cooperate if there is no justice? In the absence of justice, private revenge may prevail.

Let me now turn to another question. If we do not or cannot prevent massive human rights abuses, are we at least offering a safe haven to those escaping and knocking at our doors?

In looking back, the refugee issues of the 1930s and 1940s seem simple. While some desperate Jews were admitted to safety abroad, there were also many more who were stopped in their tracks. In light of the current debate in the United States about asylum-seekers without proper documents, I must note that those who managed to escape often did so by using fraudulent documents, issued and accepted by sympathetic officials. It may not be so widely known that the Japanese Consul in Estonia, Chitoshi Suhigara, issued hundreds of visas to allow Jews to leave Europe. Also Consul Ryoichi Manabe provided residence permits to Jewish refugees to protect their stay in Shanghai. You know, of course, about Raoul Wallenberg. These episodes of personal courage are important reminders that individuals can make a difference.

If we do not or cannot prevent massive rights abuses, we should at least offer victims a haven.

From our vantage point in the 1990s, this haunting memory of people trapped behind borders was simply part of the world's larger moral failure to confront persecution and genocide. Yet at the time, the issues seemed to be as complex as they appear today. High rates of unemployment, suspicion toward foreigners — especially those with unpopular religious beliefs or political views, exaggerated fears of the floodgates being opened and foreign policy considerations had a higher priority than the lives of the persecuted. In our own time, these concerns are very similar.

The end of the Cold War has meant that refugee protection no longer dovetails so neatly with strategic imperatives. Nevertheless, the need for asylum has not diminished. On the contrary, the persecutors, torturers and warmongers of the world have flourished in the current state of flux. But the doors are closing around the world. Refugees are seen primarily as a political, economic and environmental burden. They also represent security hazards.

In the developed world, while we realize that there are some economic migrants who abuse the asylum system, we must insist that each asylum-seeker has his or her case duly considered and that the refugee definition is not stripped of its meaning by a restrictive interpretation. One month ago, a new expedited removal procedure was instituted at U.S. ports of entry for those arriving without proper documents. Many refugees will have trouble articulating their claim under the conditions of detention and the short time frame that are now in place. The new fast-track procedure will be particularly difficult for survivors of torture and other extreme trauma. In the meantime, interdiction of boats at sea continues, bringing to mind the voyage of the St. Louis in 1939.

We should work to prevent the deportation of Bosnian refugees who cannot yet return to their own homes. It is wishful thinking to assume that my office can make repatriation possible if political leaders in Bosnia are allowed to pursue their heinous policies of ethnic division and if shelter is not reconstructed more quickly. Premature returns will cause great human suffering and may destabilize a fragile peace.

Elsewhere it is vital that the civilian and humanitarian nature of refugee camps be maintained. The Rwandan refugee camps in Zaire and Tanzania were controlled by armed men, many of whom were probably guilty of genocide. We asked for international help in getting these people out of the camps. No country offered to get involved. My staff had to continue feeding criminals as the price for feeding hundreds of thousands of innocent women and children. We should not have been left in that position. Unarmed relief workers are expected to face increasing danger in many situations.

Why do we still care about asylum? Because, as in the past, it is the safest mechanism when all other human rights protections fail. I have three pleas. First, while managing immigration as a legitimate concern, do not shut out those fleeing for their lives and freedom. Unlike others, refugees don't have a choice.

Second, I urge opinion leaders to de-dramatize and depoliticize the asylum debate. Do not let racists and xenophobes set the agenda. Asylum issues are manageable, particularly in Western countries. The total number of asylum-seekers in the West has been falling. It is neither necessary nor helpful to invoke an atmosphere of crisis in setting refugee policy.

Third, I would ask you to maintain perspective. Throughout the ages, many refugees have enriched societies. Einstein was a refugee. Madeleine Albright was one. And refugee problems can be solved. Millions of people do find refuge and millions eventually do go home. Most refugees want desperately to go home, and their return is the most gratifying sight I see as I travel the world.

This article was adapted by The Washington Post from a speech Mrs. Ogata delivered at the Holocaust Memorial Museum April 30.

Post-Ideological Lassitude: Democracy Needs a Shot of Vigor

By Flora Lewis

PARIS — Le Monde reports that its latest poll showed most French people don't think it will make much difference who wins the snap election called by President Jacques Chirac for the end of this month.

Nonetheless, a third of the voters support the existing government coalition, a third support the left opposition and a third don't think it matters, the newspaper said. This is far from the popular wisdom, long deplored, that "France divided in two" when people thought electoral stakes were high.

Britain's campaign was turgid, despite some American-style nasty moments, convincing voters that nothing much will change except the arrival of some new faces in the halls of power.

Germany will vote next year, but already President Roman Herzog has excoriated his disgruntled compatriots — of all parties and classes — for their lack of initiative, indifference and stubborn unwillingness to keep up with the demands of changing times.

Indeed, ideology has largely vanished; people no longer argue that the decision on who should rule will send the country to paradise or perdition. But confidence that democracy can fix what's wrong also seems to have evaporated. History hasn't come to an end. But the politics on which democracy depends to test the consent of the people have lost much interest, except to the politicians, who want to be "in" not "out."

This is not necessarily cynicism. There is evidence enough.

Nearly all nations that have arrived at democratic modernity have lost the passions that brought them there.

that, whatever their initial intentions, modern politicians cannot really deliver on big promises. Wise ones, like Britain's Tony Blair, take care not to provoke revulsion by restraining themselves to promising little more than fresh energy.

But this makes for pallid democracy and drains the sense of responsibility that robust self-government requires. Not much is being offered; not much is expected. The problem is not only in Europe — America, Japan, practically all nations which have arrived at democratic modernity have lost the passions that brought them there.

In the spring of 1968, the French commentator Pierre Viansson-Ponte noticed that "France is bored." Almost immediately afterward, the country erupted in a nationwide upheaval. Perhaps Mr. Chirac thought to avoid that risk of boredom by injecting an early campaign into the agenda, or perhaps he thought a smaller majority would provide him with a more manageable, disciplined government than at present and divert French grievances from endless, disruptive demonstrations back to politics.

There are deep public concerns in these countries, but also a sense that politics are not addressing them, focusing only on intricate tactics. There is no shortage of appeals to the broad public.

Television enables everybody to look the candidates straight in the face. Still, people don't feel that their involvement is important or that their wishes have weight.

Leaders shake huge numbers of hands, roam the hinterlands, show themselves as much as possible. Yet they don't gain stature or arouse much enthusiasm. They do govern, but they don't convince.

An informed public, holding those who hold power to account, accepting differences of opinion and conflicts of interest so as to resolve them in a larger, common interest are the conditions for democracy and its reward. To paraphrase Churchill, no better system has ever been devised.

But it isn't working well enough to satisfy its citizens, despite the sense of triumph at its spread to many who were deprived and yearned for the chance to make up their own minds. What is wrong?

Voters blame the leaders for lacking vision, candor, consistency, a will to get things done. Leaders blame voters for failing to respond to challenge, for not paying attention.

Mr. Chirac, who is on the right, recently said the trouble with the French is that they are "too conservative." Both voters and leaders blame the media for trivializing issues, for impertinence, for irresponsibility.

They both have some points. But neither is evoking the lively sense of participation, the right and duty to shape the common destiny and the exhilaration that should provide. This is a part of the bewildering times.

There is a need for serious examination of what has gone missing in the democratic process and how to renew its vigor.

Government is necessary for civilized society, and everybody wants something from government, though they want somebody else to pay for it. Democracy has proved itself the only acceptable system of government. It should not be allowed to flag.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Fire's Lesson

LONDON — The Times' leader on the Paris fire says: "The lesson taught in the result ought to be too plain to require to be inculcated. To crowd a number of persons into a confined space for any purpose is always to incur risk which can be guarded against only by provision of exits so placed and constructed so as to allow them to all get out rapidly under all difficulties, including those created by panic."

1922: China Warlords

LONDON — Hostilities between the rival war lords in Northern China are at an end. Marshal Chang Tso-lin has fled to Mukden and general Wu Pei-fu is in control of Peking, following the battle which resulted in the turning of the right flank and the complete débâcle of the army of the Manchurian leader. General Wu Pei-fu was looked upon as a great democratic leader, but of late has fallen away from his progressive policies. Chang Tso-lin started his career as a bandit and has been allied with Dr. Sun Yat Sen, the President of Southern China.

1947: Tories Decried

JARROW — Great Britain's first by-election since the February economic crisis is being held in this grimy, industrial town on the River Tyne which ten years ago symbolized the worst in British depression. Jarrow's pre-war history, that of a shipbuilding town literally starving to death with no ships to build and no other work to be had, is the dominating note of the campaign. In thick Tyneside brogue, men who had taken part in the 1936 hunger march stand up on labor party platforms and demand: "Did Winston Churchill or the Tories ever do anything for us in 1936?"

OPINION/LETTERS

U.S. Double Standards Hurt Ordinary People

By Robert Kuttner

WASHINGTON — Thanks to the Public Citizen Health Research Group, it recently came to light that U.S. medical researchers are still turning Third World populations into human guinea pigs, using ethical standards that are unacceptable in the United States.

The studies, on 12,000 pregnant women with HIV in the Ivory Coast, Tanzania, Uganda, Zimbabwe and other African countries, are financed by the Centers for Disease Control and the National Institutes of Health.

The standard U.S. treatment to reduce mother-child HIV transmission is use of the drug AZT during the final weeks of pregnancy. This reduces by about two-thirds the number of infants who contract HIV from their mothers.

But in the Third World experiments, conducted under the auspices of U.S. researchers, target populations are divided into several groups. Some receive variations on the AZT treatment. Others get a placebo. This allows scientists to measure the efficacy of the different treatment strategies against a "control group" that gets no medicine.

The Health Research Group does not object to the variations in the treatment, only to the placebos. According to Dr. Peter Lurie, who amassed the data for the Health Research Group, this unnecessary "double blind" study will result in about 1,000 more HIV-positive children, virtually all of whom will die gruesome deaths. But the Centers for Disease Control takes the position that this approach is ethically defensible, because in the absence of the research, none of the target group would benefit.

Still, the fact remains that this study violates ethical standards that are strictly enforced in the United States: Treatments known to be effective are not to be denied human subjects for the sake of "research." Nobody contends that these research protocols would have been approved had the subjects been Americans. That is why they had to be conducted on Africans.

In a letter to Secretary of Health and Human Services Donna Shalala, who is responsible for the Centers for Disease Control, the Health Research Group called the study a violation of the Nuremberg Code adopted in response to the practices of Nazi doctors. Dr. Shalala has not responded.

The evident double standard for medical research on human subjects raises a much larger question — the proper relation between standards that the United States values at home and those it uses in the rest of the world. This issue becomes more pressing as commerce becomes more global.

In general, the U.S. government seeks to impose U.S. standards on the rest of the world where the interests of American property owners are at stake, but takes a far more relaxed position where other people's interests are involved.

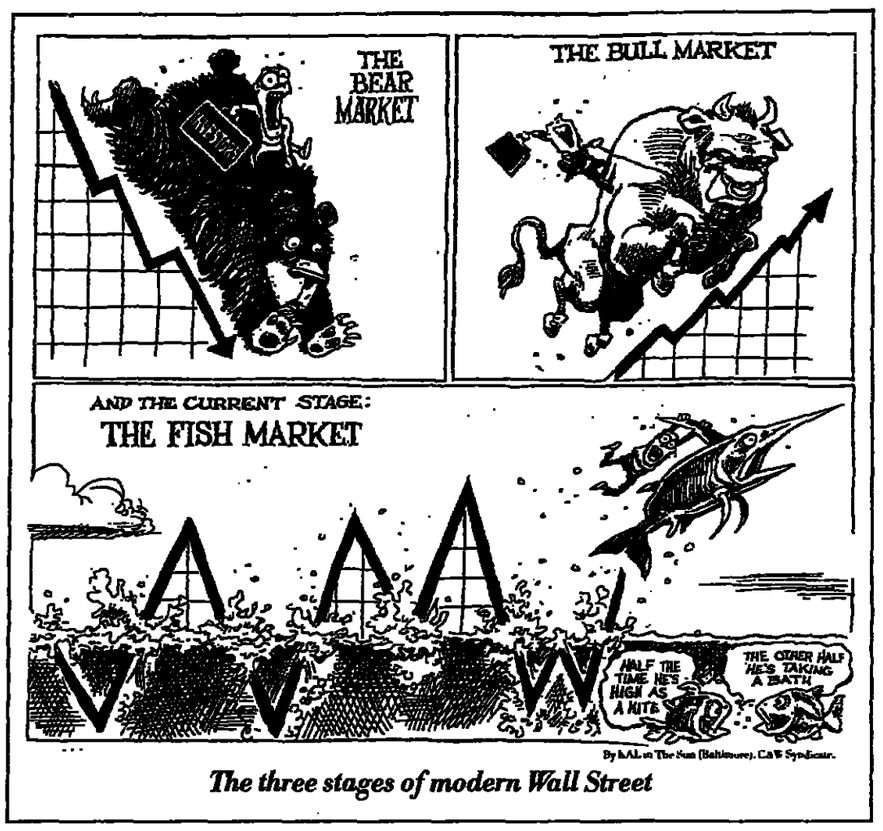
For example, American diplomats are extremely upset that China does not honor U.S. laws regarding intellectual property. If trade negotiations break down, it could well be over Chinese piracy of U.S. patents and copyrights. But China's treatment of workers who produce for export to the U.S. market, including those employed by subsidiaries or partners of U.S. companies, is not an issue in the trade negotiations; nor is the use of child labor or prison labor; nor is the displacement of U.S. workers because of substandard Chinese labor practices.

By the same token, protecting the patent interests of U.S. pharmaceutical companies was key to the diplomatic breakthrough that set up the World Trade Organization. The property rights of drug companies are protected overseas, but the products of those same drug companies are routinely exported for uses not approved in the United States. And they are sometimes tested on human subjects in ways that violate U.S. standards.

So there is really a double, double standard at work here.

It's bad enough that there is one standard for U.S.-sponsored research on Americans and another where the subjects are desperately poor Africans. But the broader double standard is the enforcement by the U.S. government of one set of global rules for powerful American corporations, wherever they operate, and far weaker rules for ordinary citizens of the planet, both foreign and domestic.

Washington Post Writers Group.



By bAL in The Sun (Baltimore). CaW Syndicate.

The three stages of modern Wall Street

LETTERS TO THE EDITOR

Sex and the Military

Regarding "Conduct Unbecoming? Sex Code Puts a Strain on U.S. Military" (April 29):

As a former Australian Air Force officer, I must say that this is most shocking article I have read for many years. If the case of Lieutenant Colonel Karen Tew, who was dismissed after pleading guilty to adultery, is typical of military justice in the United States, the U.S. Air Force has serious problems. Rather than Colonel Tew feeling shame and humiliation for her very human behavior, it is the military that should be experiencing those feelings.

BARRY NORMAN.
Zurich.

The U.S. Air Force is now on a sex crusade? After this same air force brushes aside the criminal negligence of the commanders who after Beirut failed to protect their men from car bombings in Saudi Arabia? This isn't "adolescent"; this is malfeasance. If this air force can't get its nose out of bedrooms and put its focus on the dangers to the men and women serving the United States, then perhaps that's the place for the biggest budget cut of all.

HERMAN ARCHER.
Ankara.

So U.S. tax dollars are supporting military courts that pry into the private sex lives of individuals whose offenses would be laughed out of a civilian courtroom. And, if convicted, these soldiers lose their jobs, pension, benefits and sometimes their liberty.

Surely President Bill Clinton, the commander in chief of the armed forces — who certainly should be sympathetic to their plight — could put a stop to this.

BILL BERENSMANN.
Lucca, Italy.

Regarding "Fighting Human Nature Isn't the Army's Mission" (Opinion, April 25) by Richard Cohen:

Mr. Cohen makes clear that he takes a very dim view of women in the military. For him, women bring only problems in the form of one big motel romp of hormones, problems for which men can hardly be held accountable.

When Mr. Cohen says that the "natural aggression" of men is a prerequisite for the military, his argument falls apart. Such aggression can be valuable only when it is tempered by discipline. Obviously, the problems at the Aberdeen Proving Ground, where women say they were coerced or forced into sex with superiors, reflect a serious breakdown in discipline.

But Mr. Cohen seems to think that the problem did not exist before women came along and therefore women are the problem. It does not seem to have occurred to him that something might be wrong with the system.

ROBYN TAYLOR.
Taipei.

Driven Out by Crime From a Beloved Place

By Sam Dyer

WASHINGTON — The slightly built teenager pulled the knife out of his pocket as we met on a quiet street several blocks from my home in the Capitol Hill section on the sunny morning of March 29. My 9-year-old son and a friend had scooted a little way ahead of me, and my German shepherd was on a leash by my side.

I was on Park Street, a beautiful, secluded street with unique

MEANWHILE

architecture. It was easy to be lulled in the warmth and friendliness of Capitol Hill, in the center of the American capital not far from the White House.

With certain images, no words are necessary. When I saw the knife come out, I knew what was going to happen. I ran. My old dog was holding me back, so I dropped his leash, and he ran away.

I stayed in the street, thinking I might be safest there because I could get a parked car between me and my attacker. That might have been true if there had been only one attacker. Instead, my flight was cut off by another teenager.

The second assailant also brandished a knife. I fell back against a car as he slashed at the air. Instinctively, I raised my arms to fend off the blows, sustaining a deep slash in my left arm and a smaller cut in my palm. Then my assailant stabbed me in the groin, thrusting the blade in deep. Strangely, it did not hurt.

While the taller attacker stabbed me, his accomplice smoothly extracted my wallet from my back pocket.

But my assailants weren't finished with me yet. The taller youth slammed my face hard with his fist. The knife was still in his hand, and it left an inch-long cut near the corner of my eye. Then, they were gone. The mayhem had taken about 30 seconds.

I struggled over to a wall and sat down to assess the damage. I knew I had been badly hurt. I was bleeding, but I could feel my toes and hand. That was a good sign.

The police arrived within several minutes. I gave them a description of my assailants. A resident later would tell officers how my attackers sauntered away, smiling. He said he had seen them enter an alley, and when the police searched there, they found a knife and my wallet, less $21 in cash.

After what seemed like an eternity, a fire truck arrived. The fire fighters picked me up, laid me on the sidewalk and then cut my clothing away.

I could see the muscle in my lacerated arm. As I lay naked in front of two dozen strangers, I could feel the warmth of the spring day. We waited for the ambulance to the hospital.

After four hours of surgery because of a punctured artery in my leg, I was out of danger. Five days later, I was out of the hospital.

The police responded to this case by assigning one of their most seasoned detectives. He seems to think an arrest and conviction are likely. But the demoralization and lack of resources that hamper the larger fight against crime in the District are well known. We need the kind of strong policies that have reduced crime in New York City by 50 percent.

And that's not all we must do. Youngsters in Washington seem to be making a conscious choice to embark on careers of crime in response to peer pressure, in the absence of adult involvement.

American society is not showing them positive alternatives and models for behavior. We have to protect kids to keep them from going into a life of crime. Otherwise, we are all lost. The problem is complex, but not insoluble.

My wife and I moved to Capitol Hill by choice. We wanted a neighborhood where we would know our neighbors and could count on them, and we found that. But even before I was assaulted last month, we had become so alarmed by crime in the neighborhood that we had bought a house in the Northwest section of the District and planned to move there. I had delayed, though, because the Hill was home to me.

Now, however, we are going to move as soon as I am well enough. We are not fleeing the Hill — we are being driven from the neighborhood we love.

The writer, an architect, has lived on Capitol Hill for 17 years. He contributed this comment to The Washington Post.

On Wednesday, May 28, 1997, as the 50th anniversary of The Marshall Plan approaches, the International Herald Tribune will publish a Special Report on

The Marshall Plan and its Legacy

Among the distinguished contributors will be:

- **Stephen E. Ambrose**, presidential historian and best-selling author, will provide a look back at the plan – its birth and the motives, vision and politics that drove one of the century's boldest moves.
- **Josef Joffe**, the widely respected foreign editor and columnist of the Suddeutsche Zeitung, will look back at the Plan's impact on a defeated Germany, how it may have helped shape the post-war personality of its people and the nation itself, what endures today, and whether the same concepts that made such movements necessary 50 years ago can work today in the east and elsewhere.
- **Michel Crozier**, French sociologist and author, who studied at Harvard as a young man under Marshall Plan funding, will bring alive both the reality of the immediate post-war years in France and central Europe as the continent struggled for momentum and the perspective of Europe 50 years later.
- **U.S. Secretary of State Madeleine Albright** will write about what she sees as the Marshall Plan's relevance today, as governments seek a new departure for post-cold war Europe.
- **Art Buchwald**, humorist and columnist, who chronicled the high-jinks and low-jinks of post-war Paris for the International Herald Tribune for so many years, will remind us of what it was like there in the late 1940s and early 1950s when Americans resumed their love affair with France and poured dollars, movies and lots of other things into the continent.
- **Flora Lewis**, the distinguished former columnist of The New York Times, will reflect upon the truly revolutionary aspect of the Plan, which was not really the ability to finance it but rather the imposition of cooperation, the forcing of a new way of working together upon countries and markets.
- **Joseph Fitchett**, the IHT's veteran political correspondent, will take us through the colorful yet less grand aspects of these amazing 50 years. The by-products of the Plan were extraordinary, everything from apple orchards in France to the expansion of U.S. covert action to penetrate French Communist trade unions.
- **Barry James**, another venerable IHT correspondent, will remind us of the different ways that European countries – especially France, Italy and the UK – responded to the plan and to each other, how that era provided a glimpse of attitudes that still prevail today, and how one European in particular, Jean Monnet, sought to turn these disparate efforts and attitudes into lasting political achievements and European institutions.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.

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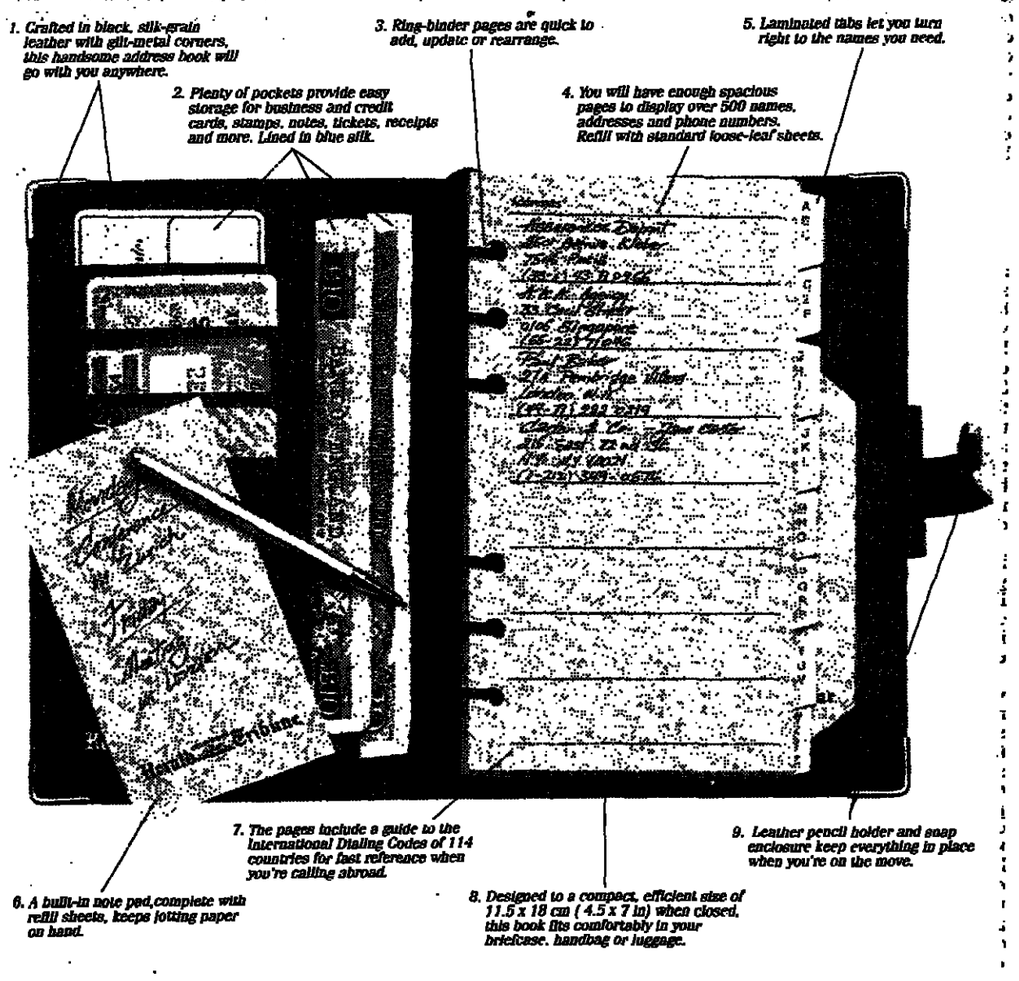

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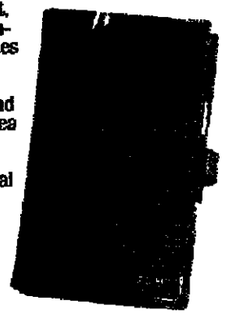

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Style

TOMORROW: STAGE

In camera-grabbing tradition, Liz Hurley wearing transparent black lace, with Hugh Grant, left; Brigitte Bardot posing on the beach at Cannes in 1953, top; Madonna and her conical bra at the Palais des Festivals.

Sipa Press (3)

Sheer dressing: Jenny McCarthy at 1997 Oscar ceremony; designs by Dolce & Gabbana, left, and Richard Tyler.

(Un)dressing for Success at Cannes

How Starlets Created Fashion's Pact With Fame

By Suzy Menkes
International Herald Tribune

PARIS — Uplifted bosoms, pouting lips, a palm-strewn promenade and a horde of paparazzi — even as the Cannes International Film Festival turns 50, the image of the starlet is indelible.

And that curvaceous figure, posing on the Croisette beside the breast-shaped domes of the Carlton Hotel, has had a lasting influence on fashion. For this season's silver jubilee in Cannes also marks 50 years of celebrity dressing.

Make that undressing.

Madonna in her ice-cream-cone shaped bra and corset was one of the many soul sisters of Brigitte Bardot in her bikini, the film festival starlet of 1953. Think of Liz Hurley in the infamous barely-there safety-pin dress that landed her a million-dollar cosmetic contract and a made-for-TV movie; and of all those Hollywood hopefuls who this year showed their lightly-veiled nipples (shock! horror!) on the prime-time showing of the Academy Awards.

Cannes was born with television, and celeb dressing has gone hand in glove-tight dress with the small screen.

Hollywood, in its heyday, had a powerful influence on fashion, but then the studios were in absolute control.

The costume designers of the silver screen era also fabricated the allure of the stars' off-duty wardrobes. Marlene Dietrich's hourglass sheaths were just an illusion of seduction created on firm foundations by the costume designer Travis Banton.

"You can't even show a baby's bare behind out here," said Jean Harlow, when the studio frowned on her slinky creations by the legendary costumer Adrian.

Cut to 1997, when Liz met Liz (Hurley and Taylor). The perennial wannabe feted the legendary star's 65th birthday wearing a transparent black lace outfit, offering a bold rear view.

Most of the clingy dresses worn for this year's Oscar parties appealed to the basic instincts of the paparazzi. Following Sharon Stone's cinematic example, the stars had abandoned underwear.

Celebrity undressing provides a lot of harmless fun — just as it did in Cannes's high noon when Bardot's reign in the 1950s was challenged by the smoldering Italian trio of Claudia Cardinale, Gina Lollobrigida and Sophia Loren. They all provided an antidote to the hearth-and-home coziness of the postwar years, when Hollywood had replaced screen goddesses with the girl next door.

Then came a moment — date it around 1988 — when the world suddenly discovered a new breed of silent movie stars, who had a love affair with the camera lens worthy of Marilyn Monroe. Enter the supermodels.

FROM that time stems the link between fashion and fame that now has become a commercial pact. The models became celebrities, often romantically linked to stars of the entertainment world, to add spice to showbiz.

When it comes to showing off clothes, there is usually no contest between the professional model and the actress (hence the soggy silhouette of Susan Sarandon poured into a panne velvet dress at the Academy Awards). But if the look works — as in the sheer dress worn by the American MTV presenter Jenny McCarthy, or Nicole Kidman's Chinese cheongsam dress from Dior — the effect is sensational.

International fashion houses were swift to see the advantage of stars endorsing their designs. First Giorgio Armani, then Gianni Versace, swiftly followed by Dolce & Gabbana, Prada, John Galliano et al have hastened to dress male and female stars.

Isabelle Adjani, president of the jury for the 50th anniversary, will be dressed by Dior, whose designer, John Galliano, is the current celebrity darling. Adjani is slated to wear three Dior haute couture outfits and six from the recently-shown fall/winter ready-to-wear collection. Like most fashion houses, Dior faxes the facts to the world's media.

At its best, this symbiotic relationship between the famous and fashion adds luster to both — as long as the buying public can see through celebrity dressing.

But lured by the screen sirens and dazzled by their fame, are designers in danger of creating images that are as remote, in their way, as the sable-trimmed gown worn by Greta Garbo in "Camille"?

The sheer glamour of the Oscar gowns, often plucked straight from the catwalk, give out a message that fashion is just a spectator sport.

Look around the streets, the swanky hotels or even the stores, and see-through clothes are nowhere to be seen. Or maybe those transparent laces and chiffons have been transformed with underslips and linings.

No one is showing a nipple, a buttock or even much flesh, except those stars of the big screen — as seen on the small one — that brought the first flickering images of stardom from Cannes 50 years ago.

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The Music and the Man

By Brian Newbould. 465 pages. $39.95. University of California Press.

Reviewed by James R. Oestreich

THE term kept coming to mind long before Brian Newbould used it. "Verisimilitude is not necessarily the same as musicality, where 'echoes' are concerned," Newbould writes of Schubert's imaginative treatment of the word "Widerhall" ("echo") in the late, expansive song "The Shepherd on the Rock." And when it comes to musicality, Newbould knows whereof he speaks.

For musicians, the term "musicality" carries a range of meanings that the unabridged Webster barely touches with "musicalness." It suggests a level of communicativeness that for a composer, yes, transcends verisimilitude. For a performer, it transcends the notes on a page, body language and even musical technique. It certainly transcends words, so it may seem an odd term to apply to a book.

But Newbould, who teaches at the University of Hull in England, writes throughout as a fine musician, able to convey the musical essence of a song or movement in a deft turn of phrase. It is a remarkable feat, even from an author who has already shown his musical erudition and understanding in a variety of ways.

This book expands on an earlier study of the great Viennese composer, "Schubert and the Symphony: A New Perspective" of 1992. And that perspective drew in part on Newbould's painstaking and fascinating completions of Schubert symphonies: not only the "Unfinished" B minor (No. 8) but also the more fragmentary E major (No. 7) and D major (No. 10). Although those efforts are not convincing in every detail, Newbould seems to have burrowed as far into the workings of Schubert's mental and compositional processes as anyone could hope to from this distance.

And that impression holds here as well. Newbould finds plausible explanations both for Schubert's abandonment of so many works and for his occasional continuation down a blind alley. He even displays some of what he calls Schubert's "tripping volubility."

"Where another composer might well call a halt in frustration," Newbould writes of "Die Buergschaft" ("The Guarantee"), a Gluckian opera on a classical theme begun in 1816 and ultimately left incomplete, "Schubert, undoubtedly one of the most fluent and fast-working purveyors of notes in the history of music, counted the cost of continuation more cheaply and saw in it the opportunity to exercise his technique of musical construction (in the widest sense) within a large-scale and 'real' context. It is arguable that we owe it to his youthful energy and — let's be honest — his not invariably engaged powers of self-criticism that he was able to retain his fluency while sharpening his technique to produce such a spate of masterpieces in the last few years of his life."

Newbould is quick to point out the precedence given to music in his subtitle. Relatively little is known of the composer's life. The scant documentation, as Newbould writes, "comprises an ill-assorted and far from complete set of jigsaw pieces."

What is known he provides efficiently and economically. What is not known, like the nature of Schubert's sexual orientation, which has attracted so much speculation of late, detains him little.

"Since no one has yet demonstrated that there is an identifiably gay way of proportioning a sonata movement, structuring a cadence, arguing a fugue or handling a symphony orchestra," he writes, "the question of sexuality would seem to have little bearing on our consideration of Schubert's music."

This consideration obviously lies closest to Newbould's heart. Here he can be revelatory and is almost always interesting. Most writing about music sends a reader scurrying to the CD player, sooner rather than later, to hear the "real" thing. But with varied pacing and focus as well as valuable insights, Newbould holds interest even through long chapters on individual songs.

His knowledge not only of Schubert's output but also of anything pertinent that came before proves astonishingly comprehensive. So he is able to place Schubert's achievements and his "way of plucking nuclear principles from the repertoire all around him in his teen-age years" in a rich historical context.

James R. Oestreich is on the staff of The New York Times.

CHESS

By Robert Byrne

MICHAEL Krasenkov beat Tony Miles in Round 3 in the New York Open Tournament.

Miles has been a devotee of 4...a6 in the Slav Defense for some time. Its immediate threat is to take with 5...dc and keep the purloined pawn with 6...b5.

Strategically, Black wants to see a stabilization of the center with 5 cd cd or to elicit the advance 5 c5, after which he will aim for counterattack with ...e5.

The bluntest way to crimp Black's plans is 5 a4, yet it gives White a weak square at b4.

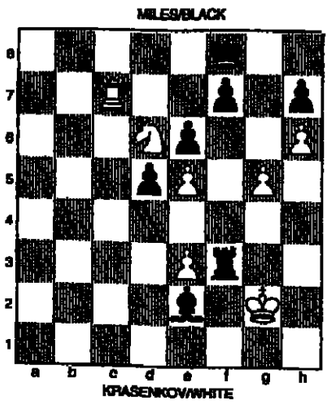
With 11 a5, Krasenkov showed that he was no slave to two-bishop mania. If 11...Nc4 12 Qc4 Be6?, a pawn is lost to the fork 13 Qb4, while 12...Nd7 leaves White with an advantage in terrain.

Miles changed his mind and got the other bishop with 12...Nf5 13 Bg3 Ng3, but Krasenkov recaptured with 14 fg!?, opening the f file for attack.

One consequence was that 14...e5? would have been hit by 15 Bf7! Rf7 16 Ng5! Qg5 17 Qf7 Kh8 18 Qe8 Bf8 19 Rf8 Kg7 20 Rf7 Kh6 21 Qh8!

With 18 Ne4 and 19 Ne5, Krasenkov maneuvered simultaneously on both sides of the board with his knights.

MILES/BLACK



KRASENKOV/WHITE

Position after 41 . . . Kf8

Miles surely did not imagine that after 19...Qb6, Krasenkov was going to exchange off his last bishop for a knight with 20 Bd5! cd to demonstrate knight power with 21 Nd6!

The threats were 22 Nc8 followed by the fork 23 Nd7 as well as 22 Ndf7. Miles solved the immediate problem with 21...Be5 22 de, but he was facing an enemy knight far stronger than his remaining bishop.

He might have considered 22...d4!? 23 Nf7!? Rf7 24 Rf7 Kf7 25 Rf1 Ke8 26 Qf8 Kd7 27 Rc1 Qb4 28 Qf7 Kd8 29 Qg8 Kd7 30 Qh7 Kd8.

It is risky for Black, but it may not give White more than a perpetual check. Miles tried 22...Qb2 23 Qb2 Rb2, but after 24 Rfc1 Bd7 25 Ra6, Krasenkov threatened to double rooks on the seventh rank.

After 25...Rfb8 26 Ra7 Rb1 27 Rb1 Rb1 28 Kf2, Miles got a pair of rooks off, and after 28...Bb5, he threatened 29...Rf1 mate, but after 29 g4, the black king was dangerously hemmed in.

The winning move was 42 g6!, ready for 42...hg 43 Rc8 Ke7 44 h7. If 43...Kg8, then 44 Rg7 Kf8 45 Rg6 and the white h pawn cannot be stopped.

After 46 h7, Miles gave up, unable to halt the queening of the h pawn.

SLAV DEFENSE

White Kras'kov	Black Miles	White Kras'kov	Black Miles
1 d4	Nf6	24 Rfc1	Bd7
2 Nf3	d5	25 Ra6	Rfb8
3 c4	c6	26 Ra7	Rb1
4 Nc3	a6	27 Rb1	Rb1
5 a4	g6	28 Kf2	Bb5
6 Bg5	Bg7	29 g4	Rf1
7 e3	0-0	30 Kg3	Bc6
8 Qb3	Ne4	31 Rc7	Ba4
9 Bh4	dc	32 g5	Kg7
10 Bc4	Nd6	33 h4	Kf8
11 a5	Nd7	34 Kh2	Kg7
12 0 0	Nf5	35 g4	Rf3
13 Bg3	Ng3	36 h5	gh
14 fg	e6	37 gh	Kf8
15 Qa3	b5	38 h6	Bd1
16 ab	Nb8	39 Kg2	Be2
17 Ba2	Nd5	40 Rc8	Ke7
18 Ne4	Rb8	41 Rc7	Kf8
19 Ne5	Qb6	42 g6	fg
20 Bd5	cd	43 Rh7	Re3
21 Nd6	Be5	44 Rh8	Ke7
22 de	Qb2	45 Re8	Kd7
23 Qb2	Rb2	46 h7	Resigns

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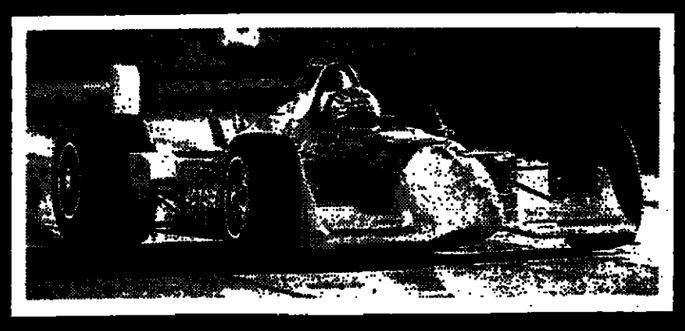

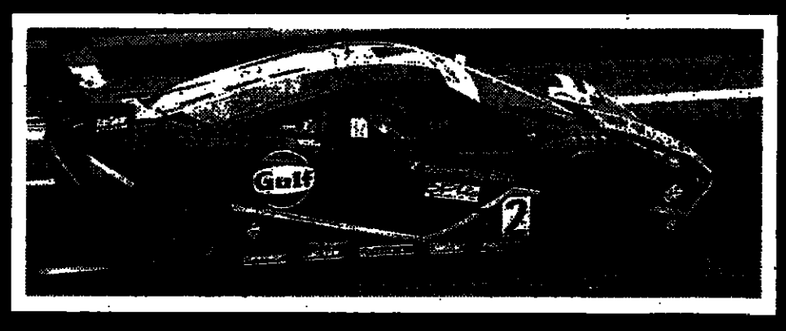

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Insider-T
Targets G
Case Could Drag
By John Schmid
FRANKFURT — German
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CURRENCY

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Insider-Trading Inquiry Targets Germany's SAP

Case Could Drag Down a Young High-Flier

By John Schmid
International Herald Tribune

FRANKFURT — German authorities said Monday that they had opened their widest insider-trading investigation to date against SAP AG, Europe's leading software company and one of the few successful and innovative German information technology firms.

More than 100 investors, managers and board members of SAP AG, have been targeted in the investigation, officials said.

The move is a "slap in the face" to Germany's many efforts to modernize its markets and lure international investors to Germany, said Holger Schmieding, a Frankfurt-based financial analyst at Merrill Lynch.

The investigation is also a black eye for SAP, which specializes in software used for running businesses. The company's breathtaking growth in recent years has make it the only high-growth technology stock in Germany's 30-share DAX blue-chip stock index, which is dominated by banking, chemical and auto companies.

Precisely because SAP ranks as one of Germany's most future-oriented companies and is Europe's biggest and most profitable software maker, few would have expected it to become the object of a scandal that most associate with the business cultures of established industrial companies.

Chancellor Helmut Kohl and the Microsoft Corp. founder, Bill Gates, have both visited SAP's headquarters in rural Walldorf to laud the company as the only non-American player among the world's top five software companies.

Although Frankfurt is Europe's second most active stock market, behind London, only in recent years has it taken steps to shake its image of lax surveillance and casual regulatory compliance.

"It comes at a most inconvenient time for our image internationally," Mr. Schmieding said of the investigation.

In Germany, where sensitivities about insider trading are not yet as developed as on Wall Street or in London, analysts said the case might not cause as much of a stir.

But by German standards, the breadth of the investigation is unprecedented. The number of individuals in the inquiry rivals the size of Frankfurt's 100-member staff at the insider-trading watchdog agency, and the investigation could go on for a year, according to the agency, which began operations at the start of 1995.

An agency spokesman predicted that the investigation would be narrowed over time.

Shares of SAP, often regarded as a darling of European technology investors, plummeted 5 percent in panicky early trading Monday after the Handelsblatt business news-

See SAP, Page 13

Ralf Stockhoff/Reuters

The headquarters of the software maker SAP in Walldorf.

Mediobanca's Stature And Stock Take a Fall

Failed Merger Is 'Grave Blow' to Image

Compiled by Our Staff From Dispatches

MILAN — Mediobanca SpA shares fell Monday after a merger engineered by the Milan-based investment bank to create Italy's largest fashion and clothing company collapsed over the weekend.

Shares of Holding di Partecipazioni Industriali SpA, or HPI, tumbled but Marzotto & Figli SpA's stock gained slightly after the two companies called off their planned merger, which would have grouped the Hugo Boss, Marzotto and Fila clothing brand names, among others.

For Mediobanca, the breakdown of the deal, which would have created a $5 billion-a-year fashion powerhouse, signals its dwindling control over Italy's industrial elite, analysts said, helping hammer its stock price.

"It's a grave blow to Mediobanca's image," said Angelo Di Cresce, head of equity sales at InterSIM. "The fact that the Marzottos are a traditional ally of the bank is even more serious — it shows the bank doesn't have absolute control of the families in its orbit."

Mediobanca officials were not available for comment.

Both HPI and Marzotto should do well on their own, analysts said, even if they would have been stronger united. Many expect HPI to look for another partner in the fashion industry, using the 1 trillion lire ($586 million) in cash listed on its books.

"It's a lost opportunity, not really a disaster," said Antonello Di Mascio, an analyst at Nusa SIM.

Another analyst said the collapse of the deal was "good news for Marzotto and bad news for HPI," adding that the Marzotto family had decided against diluting its control and effectively abdicating power to Mediobanca and its close ally, Fiat SpA.

A third analyst, Luca Coloso of Sella Asset Management, said HPI had lost out on an opportunity, saying, "HPI would have benefited from being merged with a real industrial group instead of remaining just a holding company, which always trade at a discount."

Mediobanca shares finished down 425 lire, at 10,175. HPI shares fell 65 to 863, while Marzotto stock rose 9 to 12,417.

Mediobanca, through a series of cross-shareholdings with Italy's leading nongovernment banks and industrial giants, has masterminded many of the largest turnarounds and consolidations in recent Italian corporate history.

It oversaw Olivetti SpA's recent capital increase and the 1993 rescue of the Ferruzzi conglomerate. It also has major stakes in Italy's biggest company, Fiat SpA; its largest insurer, Assicurazioni Generali SpA, and one of its top banks, Banca Commerciale Italiana SpA.

Many large Italian companies, including Marzotto, are represented on Mediobanca's board. One of its top bankers, Maurizio Romiti, is the son of the chairman of Fiat and was pegged to become chief executive of the Marzotto-HPI.

The merger's collapse comes a year and a half after investors and regulators scuttled Mediobanca's "Super Gemina" project, which would have merged Gemina with Ferruzzi Finanziaria SpA and the Fiat chemical subsidiary Snia. It would have created Italy's second-largest private company, just behind Fiat. Gemina later spun off HPI.

Giannino Marzotto, one of seven Marzotto brothers in the sixth generation to run the company, told an Italian news agency that the family "was interested in an industrial operation based on the textile industry, but when it became clear the operation would be subordinated to developments of a more financial character, there were fewer reasons for the affair."

Marzotto officials said family members feared losing control over the company they founded in the 1830s. Under terms of the deal, the Marzottos would have controlled about 12 percent of the new company, less than half the stake held by Mediobanca and Fiat together.

HPI controls companies such as the sportswear maker Fila Holdings SpA and GFT SpA, a Turin-based manufacturer of clothes for such designers as Giorgio Armani, Joseph Abboud and Gianfranco Ferre. HPI also controls RCS Editori, publisher of the Corriere della Sera newspaper.

Marzotto would have brought to the merged company the German menswear maker Hugo Boss, the world's largest wool-weaving operations and companies that produce clothes for Ferre, Missoni, Marlboro Classics and other designers. *(Bloomberg, Reuters)*

Intel to Introduce a Souped-Up Pentium Chip

By Paul Floren
Special to the Herald Tribune

Intel Corp., trying to preserve its status as the world's leading chipmaker, will introduce a faster version this week of its best-selling Pentium line of microprocessor for personal computers.

Intel said the new Pentium II processor, whose immediate target is business users, was intended to provide easier and quicker use of programs that employ sound, video and three-dimensional images, such as videoconferencing, as well as speedier access to the Internet's World Wide Web video network.

The Pentium II, which will be unveiled Wednesday in New York, is based on Intel's Pentium Pro, a powerful chip used in personal computers for business.

But it also incorporates the multimedia-enhancing MMX technology that Intel recently added to its Pentium chips, used primarily in consumer PCs.

Analysts and users have been awaiting the release of the new generation of high-speed microprocessor chips, and industry observers expect the new Pentium to generate a surge in sales of PC models costing $3,000 or more.

The chip, which runs at speeds of as much as 300 megahertz, has been intentionally housed in a cartridge that is not entirely compatible with existing hardware. By changing the way its processors connect with the rest of a personal computer, Intel is trying to discourage use of chips made by American Micro Devices and Cyrix Corp. These companies typically wait for Intel to create a new line of processors, then engineer their own versions. Because AMD and Cyrix do not incur the heavy development costs shouldered by Intel, they can sell their chips for less.

The first Pentium II chips will have 7.5 million transistors, compared with 5.5 million on the current top-of-the-line Pentium Pros, and will run at a speed of 233 megahertz, compared with 200 on the fastest processors now available. Microprocessors are the chips that do the calculations that are at the heart of computing.

Intel's new strategy will split its lines between the Pentium II and its existing Pentium and Pentium Pro chips, both of which have MMX, its multimedia technology. The Pentium IIs will be aimed at businesses, while the MMX chips will be targeted at home users.

Analysts are skeptical about the longevity of Intel's present strategy, however. Rana Mainee, director of consulting services at International Data Group PLC, said he believed that Intel eventually would return to one platform based on Pentium II innovations.

"You will see the Pentium II replace

See INTEL, Page 12

Thinking Ahead /Commentary

Is Blair Leading a Continental Drift?

By Reginald Dale
International Herald Tribune

WASHINGTON — Anyone who can remember Britain in the late 1970s may be forgiven a quiver of nervousness as the country comes again under the control of a Labour government. When Labour last held office, Britain was heading rapidly toward economic, financial and political decline, a captive of excessively powerful and selfish labor unions.

Britain's prosperity today has been built on the reversal of traditional Labour policies — and the taming of the unions — that began with the victory of the Conservatives under Margaret Thatcher in 1979.

As a result, Tony Blair, the new prime minister, has inherited one of the freest economies in the world, an economy that in many ways functions more like that of the United States than those of Britain's partners in the European Union.

In some ways, he looks more like a European Christian Democrat.

But despite his commitment to seemingly Thatcherite policies during the campaign, it is not at all sure that this is the kind of Britain that Mr. Blair actually wants.

Mr. Blair's intentions have been obscured by his correct calculation that to win the election he had to silence his party's remaining militants and offer reassuring generalities rather than precise policy prescriptions that could be successfully attacked by his opponents.

Mr. Blair's repeated promises that "New Labour" has no intention of returning to the 1970s can probably be taken on trust. He does, after all, want to be more than a one-term prime minister.

Although the unions still play a big role in financing the Labour Party, and can now expect to have a louder voice in government, they have much less power than they used to — and Mr. Blair wants to keep it that way.

But that does not mean New Labour's economic and social policy will simply be a "lite" version of those of their conservative predecessors, as some have suggested.

Indeed, in some ways, Mr. Blair looks less like a British politician than a Continental Christian Democrat — a believer both in free markets and in the need to temper them in the interests of compassion and social cohesion.

Such an approach would imply that the Blair government will be more committed to government intervention than the Conservatives, who believed that social progress could best be achieved by diminishing state interference.

Labour leaders are said to have looked at the policies of the Christian Democratic Party in Germany and been concerned by the rigidities of the German labor market and the high degree of employment protection, which discourages employers from hiring new personnel.

But Mr. Blair has given two clues that he will move closer to Continental practice. His government is committed to introducing a minimum wage and signing on to the EU's Social Protocol, providing for harmonized social policies.

Both are anathema to Conservatives, though not of course to Christian Democrats on the Continent. Both also, however, involve serious risks for Britain.

A study last year by UBS Ltd. of London concluded that a British minimum wage, at whatever level, would stimulate inflation, hinder economic growth by raising industrial costs and result in fewer jobs in the private sector.

The Social Protocol, from which former Prime Minister John Major secured an opt-out in 1991, is not excessively burdensome at present. But it reflects a commitment to social engineering that is alien to the free-market Anglo-Saxon tradition that is now in the ascendant in Britain.

History has frequently shown that what works for the Continent will not necessarily work for Britain, and vice versa. Today, however, it is the Continent, with its huge unemployment problems, that should be learning from Britain — not the other way round.

CURRENCY & INTEREST RATES

Cross Rates

May 5

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.949	3.1565	1.1248	0.3334	0.1138*	—	5.4515*	1.3195	1.5378*	1.4045	1.334*
Brussels	35.49	57.89	20.6365	6.1155	2.0866*	18.3465	—	24.29	0.2818	25.80	24.465*
Frankfurt	1.7284	2.8006	—	0.2964	0.1011*	0.8891	4.8464*	1.1745	1.3664*	1.2493	1.1861*
London (a)					Closed						
Madrid	145.744	236.149	84.318	24.988	8.52*	74.967	4.0852	99.018	115.267*	105.482	—
Milan	1,709.05	2,778.00	988.98	293.26	—	880.35	47.958	1,161.35	13.516	1,237.00	11.742
New York (b)	—	1.623a	1.7325	5.847	1,713.00	1.9466	35.74	1.4746	126.575	1.3888	145.75
Paris	5.8336	[illegible]	3.3744	—	0.341*	3.0002	0.1635	3.9627	4.603*	4.2213	4.002*
Tokyo					Closed						
Toronto	1.381	2.2427	0.7974	0.2362	0.0806*	0.7089	0.3865*	0.9365	1.8914*	—	0.946*
Zurich	1.476	2.3902	0.852	0.2525	0.0862*	0.7577	4.1308*	—	1.1647*	1.0687	1.0186*
1 ECU	1.1331	0.6993	1.9586	6.6089	1,938.24	2.2029	40.4147	1.6678	143.368	1.5446	165.137
1 SDR	1.3658	0.8445	2.3534	7.9282	2,339.55	2.6451	48.4063	2.0838	172.793	1.8863	n.q.

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	274.72	Mex. peso	7.90	S. Afr. rand	4.4555
Australian $	1.2816	Hong Kong $	7.7466	N. Zealand $	1.4524	S. Kor. won	893.00
Austrian sch.	12.17	Hung. forint	182.17	Norw. krone	7.139	Swed. krona	7.8949
Brazil real	1.0642	Indian rupee	35.785	Phil. peso	26.36	Taiwan $	27.71
Chinese yuan	8.3245	Indo. rupiah	2431.63	Polish zloty	3.16	Thai baht	26.11
Czech koruna	30.87	Irish £	0.6707	Port. escudo	173.55	Turkish lira	135235.
Danish krone	6.584	Israeli shek.	3.4114	Russ ruble	5750.00	UAE dirham	3.6705
Egypt. pound	3.3952	Kuw dinar	0.3041	Saudi riyal	3.7504	Venez. boliv.	480.50
Fin. markka	5.2137	Malay. ring.	2.5055	Sing. $	1.445		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6192	1.6183	1.6174	Japanese yen	125.85	125.33	124.76
Canadian dollar	1.3779	1.3748	1.3723	Swiss franc	1.4673	1.4628	1.4577
Deutsche mark	1.7252	1.7217	1.7178				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

May 5

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5¹³⁄₁₆ - 5¾	2¹⁵⁄₁₆ - 3³⁄₁₆	1⅝ - 1¹³⁄₁₆	6⅜ - 6½	3⅜ - 3½	⅝ - ½	4⅛ - 4¼
3-month	5¹³⁄₁₆ - 5¹⁵⁄₁₆	3⅛ - 3¼	1⅝ - 1¾	6⅝ - 6¾	3⁵⁄₁₆ - 3⅜	⅝ - ¾	4¼ - 4⅜
6-month	5⅞ - 5¹⁵⁄₁₆	3³⁄₁₆ - 3⁵⁄₁₆	1¾ - 1⅞	6⅝ - 6¾	3⅜ - 3½	½ - ⅝	4⁵⁄₁₆ - 4⅜
1-year	6⅛ - 6¼	3⅜ - 3½	1¹⁵⁄₁₆ - 1¹⁵⁄₁₆	6⅞ - 7⅛	3⅝ - 3¾	¹⁵⁄₁₆ - ⁷⁄₁₆	4½ - 4⅝

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5⅝	5⅝
90-day CDs dealers	5.72	5.75
180-day CP dealers	5.68	5.68
3 month Treasury bill	5.04	5.09
1-year Treasury bill	5.56	5.56
2-year Treasury bill	6.25	6.26
5-year Treasury note	6.54	6.54
7-year Treasury note	6.60	6.60
10-year Treasury note	6.67	6.68
30-year Treasury bond	6.90	6.90
Merrill Lynch 30-day RA	4.96	4.96
Japan		
Discount rate	0.50	0.50
Call money	Clsd.	0.41
1-month interbank	—	0.53
3-month interbank	—	0.53
6-month interbank	—	0.61
10-year Govt bond	—	2.53
Germany		
Lombard rate	4.50	4.50
Call money	3.10	3.10
1-month interbank	3.20	3.20
3-month interbank	3.23	3.23
6-month interbank	3.25	3.25
10-year Bond	5.73	5.75

Britain		
Bank base rate	6.00	6.00
Call money	Clsd.	6.00
1-month interbank	—	6⅜
3-month interbank	—	6½
6-month interbank	—	6⅝
10-year Gilt	—	7.39
France		
Intervention rate	3.10	3.10
Call money	3⅛	3⅛
1-month interbank	3¼	3⁵⁄₁₆
3-month interbank	3⁵⁄₁₆	3⁵⁄₁₆
6-month interbank	3⅜	3⅞
10-year OAT	5.61	5.60

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	340.55	341.80	+1.80
London		Clsd.	
New York	342.00	344.30	+2.70

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)
Source: Reuters.

PRIVATE BANKING

We're not just on the map. We're all over it.

It's not only our vast worldwide network that keeps us at your side at all times.

It's our total commitment to serving your unique demands, wherever you may be.

From the time we opened our first office in Switzerland in 1876, Credit Lyonnais has earned an enviable reputation for Private Banking based on dialogue and personal relationships.

The founder of Credit Lyonnais, Henri Germain, expressed it most succinctly when he created the bank's motto:

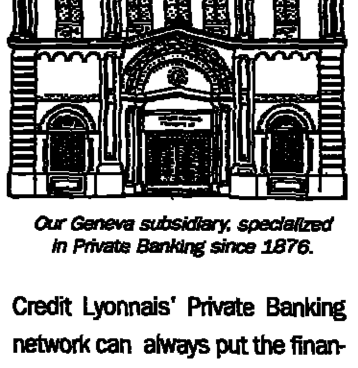
"Business is people, not just figures".

This has been the very essence of our banking philosophy from generation to generation.

We listen well to our clients' priorities as we help them navigate diverse and fast-changing financial markets. Perhaps that is why today we manage more than 9 million private accounts. And why we are often cited as a world reference bank for the private customer.

But there is yet another dimension to a successful banking partnership.

Your banker must make sure you get where you want to go. Providing innovative solutions and insightful answers through in-depth resources and experience in the world's leading marketplaces.



Our Geneva subsidiary, specialized in Private Banking since 1876.

Credit Lyonnais' Private Banking network can always put the financial technology and expertise you need at your finger tips. Precisely when you need it.

The combined strength of these two dimensions – close, trusting partnerships and vast global resources – creates something unique in Credit Lyonnais Private Banking.

Let's talk.

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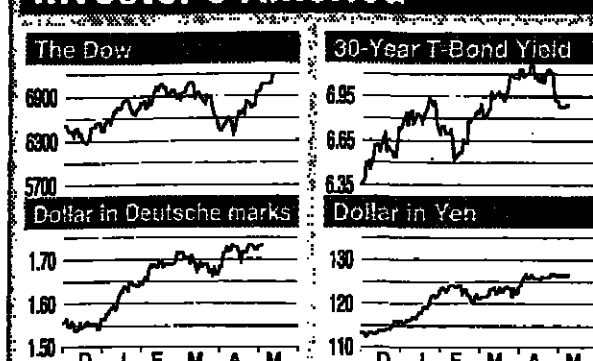
MONACO TEL. 377/93 15 73 34 • VIENNA TEL. 431/531 50 120 • MONTEVIDEO TEL. 598 2/95 08 67 • MIAMI TEL. 1 305/375 78 14
HONG KONG TEL. 852/28 02 28 88 • SINGAPORE TEL. 65/535 94 77

Investor's America



Exchange	Index	Monday @4 P.M.	Prev. Close	% Change
NYSE	The Dow	7213.68	7071.20	+2.01
NYSE	S&P 500	830.20	812.51	+2.18
NYSE	S&P 100	812.35	795.42	+2.13
NYSE	Composite	431.43	423.64	+1.86
U.S.	Nasdaq Composite	1339.33	1303.94	+2.71
AMEX	Market Value	572.56	565.34	+1.28
Toronto	TSE Index	6152.38	6097.00	+0.91
São Paulo	Bovespa	9993.57	10064.57	-0.70
Mexico City	Bolsa	3764.86	3745.47	+0.52
Buenos Aires	Merval	736.35	732.33	+0.55
Santiago	IPSA General	5357.86	5352.06	+0.11
Caracas	Capital General	N.A.	6385.45	—

Source: Bloomberg, Reuters — International Herald Tribune

James River to Buy Paper Firm

Compiled by Our Staff From Dispatches

NEW YORK — James River Corp., which makes Brawny brand paper towels and Dixie cups, said Monday that it would buy Fort Howard Corp., a commercial supplier of paper products, for $5.8 billion in stock and assumed debt.

The combined company, to be known as Fort James Corp., would have more than $7 billion in annual sales and hopes to be better able to challenge the industry leader, Kimberly-Clark Corp.

Fort Howard shareholders would receive a total of about $3.4 billion in stock, or $42.45 a share. Fort Howard has debt of about $2.4 billion.

News of the deal sent Fort Howard shares up strongly; they closed at $42.50, up $6. James River shares gained $1.75 to close at $32.625.

Miles Marsh, chairman and chief executive of James River, is to head the combined company.

The deal is expected to produce annual savings of $150 million to $200 million a year, the companies said. Those savings would come in part from the elimination of some jobs, but those cuts have yet to be identified, Richard Elder, a James River spokesman, said.

But there will be short-term costs before those savings appear, Mr. Marsh said.

While the companies have not determined how much earnings will be reduced to cover the cost of the deal, Mr. Marsh said, "Obviously, it will have a significant impact on 1997 earnings."

James River, based in Richmond, Virginia, is the world's second-largest maker of tissues, with $5.7 billion in sales last year. Its brands include Quilted Northern bathroom tissue, Vanity Fair napkins, Brawny towels and Dixie cups and plates in North America. Its European brands include Lotus tissue and towels.

Fort Howard, based in Green Bay, Wisconsin, has sales of about $1.6 billion from commercial goods sold under the Preference and Envision brands and household products such as Mardi Gras napkins and paper towels and Green Forest tissues, which are made of recycled paper. *(AP, Bloomberg)*

Tobacco Ruling Lifts Blue Chips to Record

Compiled by Our Staff From Dispatches

NEW YORK — Blue-chip stocks rose to record highs Monday, led by Philip Morris after a Florida court ruled that RJR Nabisco Holdings was not liable for a smoker's death.

The Dow Jones industrial average closed up 142.48 points at a record 7,125.38, while the broader Standard & Poor's 500-share index finished at a record 830.12 points, up 17.15.

Philip Morris closed up 4⅛ at 44, reversing sharp losses after a Florida jury ruled that RJR was not negligent when it made and designed its cigarettes and that the cigarettes were not unreasonably dangerous and defective.

Philip Morris was the most actively traded issue on the New York Stock Exchange.

RJR finished up 3 at 32½.

The Dow also got a lift from International Paper, which closed up 2¼ at 45⅝ after Bear Stearns recommended investors buy the stock.

Paper stocks also were helped by news that Fort Howard, a commercial supplier of paper products, was being acquired by James River.

International Business Machines rose 3½ to 165¾, and Travelers Group rose 2 to 56⅝, also strongly lifting the Dow.

The broader market continued to ride a wave of optimism unleashed by strong economic reports last week. The government said the economy was growing strongly with practically no threat of inflation and that the unemployment rate was at a 23-year low. The stock market got another lift after President Bill Clinton and congressional leaders reached agreement on a plan to balance the federal budget.

Gaining issues outnumbered losing ones by a 2-to-1 ratio on the New York Stock Exchange.

"Corporate profits were better than expected, and the interest-rate environment has been helping the Dow come back," said Arthur Micheletti, an investment strategist at Bailard, Biehl & Kaiser.

The price of the benchmark 30-year Treasury bond finished steady at 96 28/32, with the yield edging up to 6.88 percent from 6.87 percent Friday. A yield below 7 percent is seen as supportive for stocks because at that level, equity investors are not likely to be enticed to switch their portfolios to bonds.

The Nasdaq composite index, home to many fast-growth computer and biotechnology companies, closed up 33.99 points at 1,339.32, led by Cisco Systems.

The networking products manufacturer rose 1⅜ to 58⅞ on expectations for it to report strong quarterly results on Tuesday.

Oracle rose 2¼ to 44¾ after Lehman Bros. reiterated a buy recommendation on the software maker.

Stocks in companies with smaller capitalizations also were strong as investors searched for sectors that may have missed out on the broader rally.

The Russell 2000 index of smaller shares closed up 8.45 points at 362.43, capping its largest two-day advance since August 1990.

It was paced by Logicon and Transitional Hospitals, two companies that agreed to be taken over for hefty premiums to their closing prices Friday.

"People will look for sectors that haven't participated yet," said Michael Driscoll, a trader at Hambrecht & Quist in New York.

But Warren Buffett, the world's second-richest man and a renowned investor, sounded a cautious outlook on the stock market at the annual meeting of his holding company, Berkshire Hathaway.

He said stocks were not likely to repeat the feats of the past 15 years, when the Dow industrials rose 14 percent annually. Berkshire Hathaway owns shares in Dow stocks such as Coca-Cola, American Express and McDonald's.

"This has been an extraordinary expansion, and I don't think we will have the same tail wind going forward," he said. *(Bloomberg, Bridge, AP)*

U.S. STOCKS

Microsoft Smells Riches in WebTV

Its Absorption of the Internet-to-Television Venture Is a Calculated Bet

By Steve Lohr
New York Times Service

NEW YORK — Selling out to Microsoft Corp. is the dream of many a high-technology start-up.

But WebTV Networks Inc. stands in a class by itself in persuading Microsoft to invest lavishly on unproven, if promising, new technology. Last month, Microsoft agreed to pay $425 million in stock and cash for the maker of set-top boxes that bring the Internet to television sets.

Last Friday, in a filing with the Securities and Exchange Commission, Microsoft noted that WebTV has attracted few subscribers so far and has suffered large losses. As of April 1, 56,000 people had signed up for the service, which started in October, paying $19.95 a month.

Since its beginning in June 1995, WebTV has lost $29.4 million. And the company's appetite for cash has been growing. In the nine months ending last December, the company lost $26.1 million.

But the industry tends to view the deal as a calculated bet by Microsoft rather than an example of a rich company being careless with cash. As television becomes digital, like the computer, Microsoft is eager to find ways to make money from the mass-market television audience.

And WebTV has developed pioneering technology for bridging the PC-TV divide, especially hardware and software for pulling images and text off the Internet and displaying it clearly on television.

WebTV's under-the-hood technology was probably the real lure for Microsoft, said Roger McNamee of Integral Capital Partners, an investment firm.

Imagine the day, he said, when high-definition television becomes affordable and popular, with Microsoft charging manufacturers a license fee of, say, $50 a set for the software that brings the Internet to those souped-up sets. Sound familiar?

Very briefly:

- **Western Atlas Inc.**, an oil-field services concern, said it would spin off its industrial-automation unit, which generates about half the company's $3.1 billion in annual revenue.
- **Northrop Grumman Corp.** and **Logicon Inc.** said they had signed an agreement under which Logicon shareholders would receive $52 of Northrop stock for each Logicon share they owned.
- **Huntington Bancshares Inc.** agreed to purchase **First Michigan Bank Corp.** for $908 million.
- **Microsoft Corp., Hewlett-Packard Co.** and **VeriFone Inc.** are forming an alliance to offer a service enabling merchants to set up shop on the Internet.
- **Donaldson, Lufkin & Jenrette Inc.** agreed to buy **DecisionOne Holdings Corp.**, a computer-maintenance company, for about $924 million in cash and assumed debt.
- **St. Joe Corp.**, a paper maker, said it had made a bid to buy the 46 percent of Florida East Coast Industries it did not already own for $428.4 million. *Bloomberg, Reuters*

Strong Growth and Interest Rates Lift Dollar

Bloomberg News

NEW YORK — The dollar rose against most European currencies Monday, helped by stronger economic growth and higher interest rates in the United States than overseas.

"We've got good economic growth and no inflation," said Agostino Floro, a currency trader at Bank Austria.

"With everything looking great in the U.S., foreigners want to invest in this country. If anything, the dollar should be even higher."

The U.S. government said last week that the economy expanded at the fastest rate in a decade during the first quarter and that unemployment fell to a 23-year low last month. It also said employment costs grew at a slower rate in the first quarter.

FOREIGN EXCHANGE

The dollar rose to 1.7325 Deutsche marks in late trading from 1.7295 DM on Friday and to 5.8470 French francs from 5.8353 francs. It also rose to 1.4745 Swiss francs from 1.4710 francs. But the currency slipped to 126.575 yen from 126.595 yen, held back by concern that central banks might intervene to support the Japanese currency, and the pound rose to $1.6230 from $1.6220.

Robert Rubin, the U.S. Treasury secretary, repeated that the United States shared Japan's concern about the yen's weakness. The dollar reached a four-and-a-half-year high against the Japanese currency last week and has risen about 10 percent this year. Mr. Rubin said he agreed with Japanese officials who had been "concerned about recent weakness" of the yen. But at the same time, he said, the dollar's strength was helping the U.S. economy by keeping inflation down.

Roger Chapin, manager of foreign exchange at BancOne in Columbus, Ohio, said: "Overall, the dollar is well supported by economic factors. But the Rubin comments help inject a note of caution."

A weaker yen swells Japan's trade surplus by making its exports cheaper and imports more expensive. Its surplus with America was $48 billion last year.

"Above 128 yen is a very dangerous zone to buy dollars," said Kosuke Hanao, head of currency trading at Industrial Bank of Japan.

Weekend Box Office

The Associated Press

LOS ANGELES — "Breakdown" dominated the U.S. box office over the weekend, with a gross of $12.7 million. Following are the Top 10 moneymakers in the United States, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. Breakdown	(Paramount)	$12.7 million
2. Austin Powers	(New Line Cinema)	$10 million
3. Volcano	(Twentieth Century-Fox)	$9.5 million
4. Liar Liar	(Universal)	$5.8 million
5. Romy and Michelle's Reunion	(Touchstone Pictures)	$5.6 million
6. Anaconda	(Columbia Pictures)	$5 million
7. Warriors of Virtue	(Law Brothers)	$3.6 million
8. The Saint	(Paramount)	$3.2 million
9. Murder at 1600	(Warner Bros.)	$3 million
10. Grosse Pointe Blank	(Hollywood Pictures)	$2 million

INTEL: *Chipmaker Prepares to Roll Out a Speedier Pentium*

Continued from Page 11

the MMX family of processors for both consumer and professional roles," he said. "What you see now is that we are halfway through the life cycle of the MMX, and this strategy provides a renewed kick to increase sales for fourth quarter 1997."

In April, AMD started shipping its K6 MMX processor, a competitor to Intel's Pentium Pro that the company said was the best-performing processor for computers that run Microsoft Corp.'s Windows operating system.

Some makers have moved quickly to adopt the K6, hoping to offer comparable or superior computing power at lower prices. Digital Equipment Corp. was the first company to say that it would be using the K6 for its line of Venturis and Celebris PCs, which until now ran only on Intel's Pentium.

In response to AMD's new chip, Intel unveiled price cuts last week of 48 percent on its older Pentium chips, including the Pentium 200, the price of which dropped to $257 from $498. Intel left the price of its Pentium Pro line unchanged at $1,035 a chip. The price cuts, announced April 29, pushed Intel stock up by 2 percent, to $153.

Last month, Intel announced record earnings, with sales up 39 percent to $6.4 billion for the first quarter of 1997, from $4.6 billion a year earlier.

Intel shares gained $4.875 as the overall market surged Monday to close at $162.50.

AMEX

Monday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
AM Intl	684	3⅝	3⅝	3⅝	—
AMC	548	19¾	18⅞	19½	+⅛
ARC	688	3¾	2⅞	2⅞	-⅛
ATT Fd	109	87⅞	85¾	87⅞	+1⅛
AVIC Gp n	238	4	3⅞	4	—
ActGrp s	99	11⅛	11½	11⅛	+⅛
AdmRsc	138	12	11¾	11¾	-⅛
AdvMed	389	3⅞	3⅞	3⅞	-⅛
AirWat	131	4½	4⅛	4⅜	+⅛
Alergd s	141	7⅛	6⅞	6⅞	-⅛
Alin	147	1¼	1⅛	1¼	+⅛
AlldRsh	377	8⅝	8⅛	8⅛	+⅛
[illegible]					

Stock	Sales	High	Low	Latest	Chge
IntegTc n	198	1⅛	1	1⅛	—
InCBPd	538	5	4⅞	4⅞	-⅛
InterDig	1267	5⅛	4⅞	5	+⅛
eclatine	262	⅝	⅝	⅝	+⅛
Intmagn	287	10⅝	9½	10⅛	+½
IntstGC	151	3⅝	3	3⅝	-⅛
IonLaser	314	8⅝	7½	7⅞	+⅛
IvaxCp	4256	8⅝	7⅞	8⅛	+⅞
JTS Corp	3560	1⅞	1⅝	1⅞	+⅛
Jalate	280	2⅝	2⅝	2⅝	—
JanBell	155	2⅞	2⅞	2⅞	—
KFX Inc	95	4⅛	3⅞	4	+⅛
KV Ph A	246	16⅛	15⅞	15⅞	—
KatzM	108	6⅝	6½	6⅝	+⅛
Keane s	5343	52⅞	50⅞	52½	+2⅛
KeyEng	976	13⅝	13⅜	13⅜	+⅛
KogrEq	455	16	15⅞	16	+⅛
LXRBiot	129	2	1⅞	1⅞	-⅛
LaBarg	341	6⅝	6⅝	6⅝	-⅛
LazKap	398	13⅞	13⅜	13⅞	+⅛
LeathFac	281	⅝	⅝	⅝	+⅛
LehSTc wt	276	10⅝	9⅝	10⅝	+1⅛
LilVern	387	15⅛	14⅞	15	+⅛
[illegible]					

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7087.46	7215.29	7056.35	7214.49	+143.29
Trans	2605.52	2624.01	2583.17	2623.70	+17.87
Util	221.35	226.73	220.72	226.52	+5.80
Comp	2219.72	2253.99	2209.72	2253.76	+37.75

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	954.43	976.61
Transp.	—	—	593.37	600.93
Utilities	—	—	189.70	194.20
Finance	—	—	92.81	93.86
SP 500	—	—	812.97	830.20
SP 100	—	—	795.42	812.35

NYSE

	High	Low	Last	Chg.
Composite	431.45	422.56	431.43	+8.46
Industrials	545.54	532.78	545.50	+12.07
Transp.	392.07	384.56	391.85	+5.17
Utility	270.00	264.44	269.97	+5.42
Finance	393.12	387.79	392.93	+4.24

Nasdaq

	High	Low	Last	Chg.
Composite	1339.33	1311.14	1339.33	+34.00
Industrials	1065.49	1038.35	1065.49	+31.92
Banks	1419.19	1406.74	1419.13	+10.24
Insurance	1468.88	1446.10	1465.97	+19.04
Finance	1739.07	1719.79	1738.93	+20.52
Transp.	888.18	872.06	888.18	+18.80

AMEX

High	Low	Last	Chg.
572.61	567.91	572.56	+4.06

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	101.89	102.03
10 Utilities	98.68	99.78
10 Industrials	105.10	105.28

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
PhilMor s	103476	44	37⅞	40	+⅛
PepsiCo	67872	36⅞	35⅛	36⅝	+1⅛
WalMart	61891	28⅝	27⅞	28⅛	-⅛
Motorola	54345	63¾	60	63⅝	+3⅞
AT&T s	46358	34	33⅝	33⅞	+⅛
Exxon s	43795	58¼	56⅝	58¼	+2¼
Seagate s	43755	53⅞	49⅞	53½	+3⅝
PharUpj	43236	31⅝	29⅞	31½	+2¼
Chrysl s	41306	30⅛	29⅞	30⅛	+⅛
CenSoWst	41052	20⅞	20⅛	20⅝	+⅛
MicroT	40028	40⅞	38⅞	39⅞	+½
BayNtwk	38909	20⅝	19⅞	20⅝	+⅝
JRiver	38588	32⅞	30⅝	32⅝	+1⅞
ColHCA s	37656	36⅞	35½	36⅝	+1⅛
IntPap	36515	45½	44⅞	45¾	+2¼

Nasdaq

	Vol.	High	Low	Last	Chg.
Cisco	190630	60	57	58½	+1⅛
Oracle	120980	45⅛	42¾	44½	+2
Microsft s	117956	120	115½	118⅝	-2⅜
Intel	107477	161⅞	157⅞	160⅞	+3⅞
3Com	102053	36½	34⅞	35⅞	+1
PetsMart s	86187	12½	11⅛	11⅞	-⅛
Ascend	78371	53½	50	52⅞	+2⅞
Informix	78117	8⅝	7½	8¼	+⅜
PairTch s	75512	21⅞	21	21¼	+⅜
FHoerd	70863	42¾	39⅞	42¾	+5⅜
CascCm	68696	36⅞	34½	35⅞	+1⅞
WorldCo s	66240	25⅞	25⅛	25⅞	+⅛
ApldMat	57030	60½	57⅞	60⅛	+2⅝
Netscpe	56048	31½	28⅞	31	+2⅞
TeleComA	52694	14⅞	14	14⅞	+⅛

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	36125	83½	81⁹⁄₁₆	83⁹⁄₁₆	+1⁹⁄₁₆
ViacB	8980	30	28⅞	29⅞	-⅛
Hasbro s	8874	24⅞	24⅝	24⅞	—
TWA	7204	7⅞	7⅝	7⅝	-⅛
RoyalO g	5979	2½	2⅜	2⅜	-⅛
EchoBay	5737	5⅝	5⅞	5⅞	+⅛
Keane s	5343	52¾	50¾	52½	+2⅛
BeraGold	4532	6⅞	6⅝	6⅝	+⅛
IvaxCp	4256	8⅝	7⅞	8⅛	+⅞
Amdhl	4061	9½	9⅛	9⅜	+⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1971	2144
Declined	685	508
Unchanged	698	704
Total issues	3354	3356
New Highs	287	191
New Lows	10	14

Nasdaq

	Noon	Prev.
Advanced	2056	2677
Declined	1142	1332
Unchanged	2092	1732
Total issues	5290	5741
New Highs	84	93
New Lows	96	107

AMEX

	Close	Prev.
Advanced	371	400
Declined	206	165
Unchanged	166	170
Total issues	743	735
New Highs	29	19
New Lows	7	15

Market Sales

	Today 4:00	Prev. cons.
NYSE	554.65	599.81
Amex	21.33	23.85
Nasdaq	803.14	723.85

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Aracruz Cellulose	b	5-12	5-30	
Fidelity Magellan	-	2.21	5-2	5-5
Royal PTT Ned	b	.39	5-7	5-28
Unimar Co	-	.69	5-15	5-30
SPLIT				
Earthgrains 2 for 1 split.				
Fst Fincl Bkshrs 5 for 4 split.				
INCREASED				
Aflac Inc	Q	.115	5-22	6-2
Baldor Elect	Q	.12	6-9	6-30
Loblaw Cos g	Q	.04	6-15	7-1
INITIAL				
AmerUS Life Hold	-	.10	5-16	5-30
Fst Fin Bkshrs n	-	.25	6-13	7-1
Gold Banc Cp	-	.03	5-15	5-30
SPECIAL				
Community Fed	-	2.50	5-16	5-30
REGULAR				
AGL Resources	Q	.27	5-16	6-1
Allen Organ B	Q	.14	5-23	6-6
AmerFst Aptinv	M	.0625	5-31	6-25
AmerFst T	M	.045	5-31	6-25
AmerFst Par	M	.0883	5-31	6-30
Bob Evans	Q	.08	5-16	6-2
CPI Corp	Q	.14	5-12	5-27
Farmers Cap Bk	Q	.41	6-1	7-1
Fid Asset Mgr	M	.05	5-2	5-5
Fort Bend Hld	Q	.08	5-12	5-23
Frontier Adjust	Q	.0375	5-20	6-10
General Motors	-	.50	5-15	6-10
Global Partners	M	.118	5-13	5-30
Haverty Furn	Q	.08	5-12	5-23
Haverty Furn A.	Q	.075	5-12	5-23
Intrav Inc	Q	.125	5-30	6-16
New Eng Bu	Q	.20	5-9	5-23
Research Inc	Q	.07	5-30	7-1
Ryder System	Q	.15	5-29	6-20
Sphere Drake	Q	.04	5-15	5-29
SunAmerica	Q	.10	5-12	5-16
Unisource Wrldwd	Q	.20	5-21	6-10
United Cities Gas	Q	.255	5-30	6-13

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

May 5, 1997

Grains

	High	Low	Latest	Chge	Opint
CORN (CBOT) 5,000 bu minimum- cents per bushel					
May 97	297¼	292	293	—1¾	20,860
Jul 97	296¼	290	291⅛	—1½	138,330
Sep 97	281	273½	274¾	—4	25,121
Dec 97	278¼	271¼	272½	—3	108,894
Mar 98	282¼	276	277¼	—3	10,296
May 98	281½	281½	281½	—2½	815
Jul 98	289½	283½	284¼	—3½	2,443
Est. sales N.A. Fri's. sales 60,737					
Fri's open int 309,893 up 1036					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
May 97	297.70	292.30	297.20	+3.40	13,229
Jul 97	291.80	285.60	289.80	+2.20	49,759
Aug 97	278.50	273.00	275.70	+0.70	14,345
Sep 97	261.00	256.00	257.00	—0.20	8,455
Oct 97	234.50	231.50	232.50	+1.50	9,459
Dec 97	224.20	222.00	222.10	+0.30	17,927
Est. sales N.A. Fri's. sales 25,463					
Fri's open int 116,318 up 2624					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
May 97	25.25	24.80	24.96	—0.07	1,854
Jul 97	25.65	25.07	25.16	—0.15	51,392
Aug 97	25.65	25.20	25.25	—0.14	13,878
Sep 97	25.66	25.25	25.28	—0.15	7,029
Oct 97	25.60	25.24	25.24	—0.15	7,305
Dec 97	25.79	25.38	25.39	—0.16	19,324
Est. sales N.A. Fri's. sales 19,142					
Fri's open int 101,003 off 329					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
May 97	902	884	893	+5½	8,154
Jul 97	899	880	889½	+4	104,587
Aug 97	869	853	859	—1½	18,645
Sep 97	774½	762	764	—2½	8,031
Nov 97	709	701	703½	+2	46,854
Est. sales N.A. Fri's. sales 68,471					
Fri's open int 190,974 up 1986					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
May 97	410½	404	405¼	—1	1,186
Jul 97	419½	410	411¼	—5¼	60,552
Sep 97	424	415	417¼	—4¾	12,618
Dec 97	434½	425½	427¼	—5¼	15,297
Est. sales N.A. Fri's. sales 122,873					
Fri's open int 91,928 up 1066					

Livestock

	High	Low	Latest	Chge	Opint
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Jun 97	65.65	65.20	65.42	—0.05	37,550
Aug 97	65.65	65.22	65.40	+0.05	26,879
Oct 97	69.12	68.80	68.85	—0.22	16,503
Dec 97	70.90	70.57	70.65	—0.10	8,503
Feb 98	71.37	71.05	71.07	—0.12	5,245
Apr 98	73.30	72.95	72.97	—0.25	1,242
Est. sales 11,109 Fri's. sales 10,312					
Fri's open int 95,922 up 1515					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
May 97	74.65	73.90	74.40	+0.25	4,817
Aug 97	76.97	76.10	76.55	—0.10	8,253
Sep 97	76.77	76.00	76.45	—0.10	1,727
Oct 97	77.10	76.40	76.80	—0.15	2,924
Nov 97	78.70	78.05	78.20	—0.25	1,429
Jan 98	79.00	78.50	78.90	+0.10	335
Est. sales 2,667 Fri's. sales 2,379					
Fri's open int 19,579 up 35					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jun 97	83.70	82.70	83.50	—0.90	18,531
Jul 97	84.70	83.60	84.30	—0.50	6,309
Aug 97	82.40	81.55	82.35	—0.25	6,009
Oct 97	75.47	74.55	75.22	—0.40	5,213
Dec 97	72.75	71.67	72.30	—0.55	3,202
Est. sales 10,254 Fri's. sales 7,463					
Fri's open int 41,274 off 294					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
May 97	87.00	85.45	86.50	—1.40	980
Jul 97	88.00	86.55	87.70	—1.15	6,679
Aug 97	87.10	86.10	86.45	—1.30	1,504
Est. sales 2,761 Fri's. sales 2,034					
Fri's open int 9,484 up 151					

Food

	High	Low	Latest	Chge	Opint
COCOA (NCSE) 10 metric tons- $ per ton					
May 97	1388	1374	1374	+6	208
Jul 97	1401	1374	1385	+6	32,441
Sep 97	1425	1403	1409	+2	13,549
Dec 97	1443	1435	1441	+4	18,379
Mar 98	1481	1469	1469	+4	19,988
May 98			1489	+4	8,553
Est. sales N.A. Fri's. sales 7,585					
Fri's open int 95,192 up 485					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
May 97	255.00	245.00	250.90	+3.35	1,276
Jul 97	224.50	214.50	218.50	+2.25	15,830
Sep 97	200.00	192.50	194.85	+2.80	7,853
Dec 97	176.80	171.50	172.65	+1.85	4,494
Mar 98	163.00	158.25	158.40	—0.10	1,776
Est. sales N.A. Fri's. sales 10,534					
Fri's open int 31,450 up 171					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 97	10.86	10.78	10.79	—0.01	75,644
Oct 97	10.71	10.65	10.66	—0.01	39,273
Mar 98	10.68	10.64	10.64	—0.02	23,032
May 98	10.64	10.61	10.61	—0.02	5,306
Est. sales N.A. Fri's. sales 26,606					
Fri's open int 146,623 off 5657					
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
May 97	74.60	73.15	73.35	—1.15	867
Jul 97	76.80	74.75	74.90	—1.30	17,120
Sep 97	79.45	77.65	77.80	—1.10	6,242
Nov 97	81.95	80.50	80.55	—0.95	2,926
Est. sales N.A. Fri's. sales 2,023					
Fri's open int 29,480 off 110					

Metals

	High	Low	Latest	Chge	Opint
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
May 97	343.00	342.40	343.00	+2.70	2
Jun 97	344.80	341.40	344.30	+2.70	76,451
Jul 97			345.60	+2.70	
Aug 97	347.50	344.50	346.90	+2.70	18,314
Oct 97	349.50	348.90	349.50	+2.70	6,309
Dec 97	352.60	349.60	352.30	+2.70	21,830
Feb 98			355.10	+2.80	4,707
Apr 98			357.70	+2.90	3,163
Jun 98			360.40	+2.90	6,345
Est. sales N.A. Fri's. sales 8,768					
Fri's open int 167,364 up 1763					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
May 97	111.90	110.90	111.80	+0.10	5,235
Jun 97	111.40	110.30	111.20	+0.30	2,465
Jul 97	110.60	109.70	110.45	+0.20	23,510
Aug 97	108.55	108.30	108.55	+0.25	1,382
Sep 97	106.95	106.30	106.95	+0.20	5,259
Oct 97	105.40	105.10	105.40	—0.10	965
Nov 97			104.35	+0.10	1,113
Dec 97	103.30	102.00	103.15	+0.15	6,444
Jan 98			102.10	+0.15	497
Est. sales N.A. Fri's. sales 5,727					
Fri's open int 51,303 up 478					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
May 97	473.50	471.00	472.60	+4.00	933
Jun 97			474.40	+4.00	2
Jul 97	479.00	472.00	476.80	+4.00	57,277
Sep 97	482.50	479.00	481.70	+4.00	5,367
Dec 97	490.00	487.00	488.90	+4.00	7,308
Jan 98			491.20	+4.00	18
Mar 98	496.60	488.00	494.60	+4.00	7,346
May 98			501.70	+4.00	2,494
Est. sales N.A. Fri's. sales 11,451					
Fri's open int 85,219 up 2256					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	373.50	369.00	373.10	+2.00	12,745
Oct 97	374.60	371.50	374.60	+2.00	2,833
Jan 98			376.80	+2.00	1,180
Est. sales N.A. Fri's. sales 756					
Fri's open int 16,853 off 154					

Financial

	High	Low	Latest	Chge	Opint
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Jun 97	94.68	94.67	94.67		6,481
Sep 97	94.47	94.46	94.47		3,637
Dec 97			94.48		847
Est. sales N.A. Fri's. sales 752					
Fri's open int 10,118 up 117					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Jun 97	105-35	105-22	105-29	+ 01	225,991
Sep 97	105-16	105-09	105-09	— 05	3,603
Dec 97	104-60	104-60	104-60	— 06	20
Est. sales N.A. Fri's. sales 57,944					
Fri's open int 229,614 off 1553					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Jun 97	107-13	107-04	107-09	+ 01	306,043
Sep 97	106-30	106-23	106-28	+ 03	34,689
Dec 97	106-13	106-13	106-13	+ 01	1,895
Est. sales N.A. Fri's. sales 120,999					
Fri's open int 342,627 up 4831					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Jun 97	110-04	109-24	110-01	+ 04	482,011
Sep 97	109-23	109-12	109-20	+ 04	58,931
Dec 97	109-08	109-00	109-07	+ 03	10,104
Mar 98	108-31	108-31	108-31	+ 04	1,712
Est. sales N.A. Fri's. sales 462,939					
Fri's open int 583,586 up 55402					
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Jun 97	129.52	129.36	129.50	+0.02	150,580
Sep 97	127.90	127.86	127.94	+0.02	10,359
Dec 97	97.46	97.46	97.50	+0.02	0
Est. volume: 34,908 . Open int.: 160,939 off 6,052.					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
May 97	94.15	94.13	94.15		39,746
Jun 97	94.08	94.06	94.07		476,432
Jul 97	94.01	93.99	94.01	+0.01	7,179
Sep 97	93.90	93.85	93.88		428,102
Dec 97	93.69	93.65	93.67		312,796
Mar 98	93.58	93.54	93.56	—0.01	231,104
Jun 98	93.46	93.43	93.44	—0.01	221,794
Sep 98	93.38	93.34	93.35	—0.01	159,734
Dec 98	93.27	93.24	93.25	—0.01	124,916
Mar 99	93.27	93.23	93.25	—0.01	96,189
Est. sales N.A. Fri's. sales 759,215					
Fri's open int 2,404,383 up 39985					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Jun 97	1.6246	1.6158	1.6226		38,400
Sep 97	1.6206	1.6150	1.6206		969
Dec 97	1.6140	1.6140	1.6140		102
Est. sales N.A. Fri's. sales 28,483					
Fri's open int 39,471 up 366					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Jun 97	.7279	.7258	.7263		69,232
Sep 97	.7316	.7302	.7306		5,772
Dec 97	.7349	.7345	.7346		1,373
Est. sales N.A. Fri's. sales 14,952					
Fri's open int 77,308 off 3962					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Jun 97	.5811	.5786	.5791		81,482
Sep 97	.5840	.5827	.5828		3,268
Dec 97			.5861		328
Est. sales N.A. Fri's. sales 14,412					
Fri's open int 85,311 off 862					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Jun 97	.7959	.7931	.7952		86,099
Sep 97	.8067	.8043	.8056		1,797
Dec 97			.8168		703
Est. sales N.A. Fri's. sales 11,420					
Fri's open int 88,609 off 630					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Jun 97	.6835	.6800	.6810		43,208
Sep 97	.6887	.6868	.6880		2,215
Dec 97	.6950	.6950	.6950		433
Est. sales N.A. Fri's. sales 11,106					
Fri's open int 45,986 off 17					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Jun 97	96.39	96.35	96.35	— 0.07	66,611
Sep 97	96.50	96.44	96.45	— 0.07	50,459
Dec 97	96.50	96.45	96.45	— 0.04	34,374
Mar 98	96.39	96.37	96.38	— 0.02	27,593
Jun 98	96.28	96.27	96.27	— 0.02	24,016
Sep 98	96.12	96.11	96.11	— 0.01	21,404
Dec 98	95.88	95.86	95.87	— 0.01	13,794
Mar 99	95.63	95.62	95.63	— 0.01	12,832
Est. volume: 29,550. Open int.: 270,189 off 2,710.					

Industrials

	High	Low	Latest	Chge	Opint
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
May 97	70.80	70.28	70.28	—0.32	131
Jul 97	72.95	71.50	71.90	—0.50	41,354
Oct 97	74.20	73.68	73.75	—0.18	2,769
Dec 97	75.25	74.55	74.82	—0.11	24,010
Mar 98	76.25	75.85	76.07	—0.08	3,239
Est. sales N.A. Fri's. sales 6,498					
Fri's open int 73,532 up 3					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jun 97	53.75	52.85	53.10	+0.08	37,065
Jul 97	53.90	53.00	53.35	+0.15	28,116
Aug 97	54.35	53.70	53.95	+0.25	14,185
Sep 97	55.05	54.45	54.85	+0.45	8,285
Oct 97	55.70	55.20	55.50	+0.40	8,378
Nov 97	56.40	56.15	56.25	+0.45	6,986
Dec 97	57.20	56.60	57.00	+0.55	11,965
Jan 98	57.60	57.30	57.45	+0.65	7,708
Feb 98	57.40	57.15	57.30	+0.85	3,543
Est. sales N.A. Fri's. sales 32,763					
Fri's open int 134,719 off 874					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Jun 97	19.88	19.57	19.59	—0.01	92,442
Jul 97	19.91	19.64	19.68	—0.01	52,548
Aug 97	19.88	19.66	19.70		29,863
Sep 97	19.85	19.66	19.73	+0.03	16,738
Oct 97	19.85	19.69	19.75	+0.05	15,923
Nov 97	19.87	19.70	19.84	+0.14	13,915
Dec 97	19.85	19.70	19.71	+0.01	33,250
Jan 98	19.85	19.80	19.80	+0.10	14,334
Feb 98	19.85	19.79	19.85	+0.15	8,083
Mar 98	19.83	19.82	19.82	+0.14	4,365
Est. sales N.A. Fri's. sales 100,380					
Fri's open int 393,035 up 1605					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Jun 97	2.290	2.210	2.220		40,538
Jul 97	2.315	2.245	2.260		25,792
Aug 97	2.320	2.240	2.260		16,790
Sep 97	2.290	2.235	2.240		14,277
Oct 97	2.295	2.260	2.265		16,438
Nov 97	2.390	2.360	2.375		7,501
Dec 97	2.500	2.465	2.470		11,073
Jan 98	2.560	2.515	2.515		13,021
Feb 98	2.455	2.430	2.445		7,564
Mar 98	2.340	2.315	2.315		5,400
Est. sales N.A. Fri's. sales 39,389					
Fri's open int 189,591 off 8387					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jun 97	61.25	60.20	60.70	+0.18	50,236
Jul 97	60.30	59.40	59.80	+0.21	17,513
Aug 97	59.40	58.80	59.08	+0.41	7,343
Sep 97	58.25	57.65	58.25	+0.86	3,420
Oct 97	56.25	55.90	56.20	+0.61	2,380
Nov 97	55.50	54.95	55.50	+0.66	1,484
Dec 97			54.40		3,413
Est. sales N.A. Fri's. sales 29,389					
Fri's open int 86,798 up 270					

Stock Indexes

	High	Low	Latest	Chge	Opint
S&P COMP. INDEX (CMER) 500 x index					
Jun 97	825.50	815.25	823.75	+7.20	185,336
Sep 97	834.00	823.50	832.50	+7.85	6,499
Dec 97	837.00	836.80	836.80	+3.15	3,345
Est. sales N.A. Fri's. sales 82,669					
Fri's open int 195,704 up 5269					
CAC 40 (MATIF) FF200 per index point					
May 97	2668.0	2634.0	2662.0	+24.00	26,024
Jun 97	2641.0	2599.0	2638.0	+24.00	24,230
Sep 97	2656.0	2631.5	2651.5	+24.00	10,328
Est. volume: 10,176. Open int.: 70,116 off 722.					

The London Metals Market, London International Financial Futures Exchange and the International Petroleum Exchange were closed Monday for a holiday.

Commodity Indexes

	Close	Previous
Moody's	N.A.	N.A.
Reuters	Clsd.	1,989.50
D.J. Futures	160.37	161.07
CRB	246.40	246.49

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

Hoechst Profit Falls On Restructuring

Compiled by Our Staff From Dispatches

FRANKFURT — Hoechst AG, Germany's largest chemicals and pharmaceuticals maker, said Monday that its first-quarter operating profit fell 22 percent because of restructuring costs and falling sales at its Trevira polyester unit.

Separately, the company's Hoechst Marion Roussel unit said it had formed a global alliance with Procter & Gamble Co. to develop and sell Actonel, a treatment for osteoporosis and other bone diseases.

Operating profit fell to 1.03 billion Deutsche marks ($596.9 million) from 1.32 billion DM in the first quarter of 1996 after a charge of 195 million DM for a reorganization at Hoechst Marion Roussel, at Trevira and at Hoechst's specialty-chemicals business. The company took an 85 million DM restructuring charge in the year-earlier quarter.

Hoechst shares fell 1.30 DM to close at 66.35.

Since 1995, the company has sold off subsidiaries including its carbon and graphite unit SGL Carbon and the shampoo maker Schwarzkopf. Hoechst said last year that it would transform itself into a holding company with separately traded units and seek a listing on the New York Stock Exchange.

The company said it expected operating profit to rise and net profit to fall for the full year as it sold more units to focus on pharmaceuticals and other profitable businesses.

"If economic conditions cooperate," the chief financial officer, Klaus-Juergen Schmieder, said, "we expect to post stronger results on a comparable basis." He based his forecast on expectations of stronger demand, room to raise prices in some sectors and favorable currency effects.

The first-quarter results were hurt by a sharp drop in operating profit and sales at the Trevira unit amid a slump in the European textile industry. Operating profit at the unit in the first quarter fell 83 percent, to 16 million DM.

Operating profit at Hoechst Marion Roussel rose 16 percent, to 566 million DM, as sales rose 3 percent, to 3.36 billion DM. The sales increase came even though its second most important drug, the anti-allergy treatment Seldane, is "under price and competitive pressure," Hoechst said.

The unit's venture with Procter & Gamble could earn it as much as 20 percent of the market for osteoporosis drugs over the next five years, adding about $350 million to annual sales.

Procter & Gamble, which developed the osteoporosis treatment being tested before sale in the United States, said the agreement would take effect immediately and run through 2015. *(Bloomberg, Reuters, AFX)*

Incentive To Buy Vivra

Compiled by Our Staff From Dispatches

STOCKHOLM — Incentive AB said Monday it would offer $1.59 billion to acquire all the shares of Vivra Inc., a U.S.-based dialysis service company.

The Swedish investment holding company also posted a 29 percent decline in first-quarter pretax profit, to 828 million kronor ($105.9 million). The company blamed the decline on "stagnation" or slower sales increases at companies in which it owned shares.

Incentive in recent years has sold companies or stakes in companies that it does not consider to have high growth prospects and secured full ownership of companies in which it wants to invest.

The Vivra deal "represents a major strategic move for Incentive and continues our strong thrust into the high-growth health-care sector," Mikael Lilius, president of Incentive, said.

Incentive's wholly owned dialysis-care company Gambro AB will offer $35.62 a share for Vivra. In San Mateo, California, Vivra's board recommended that shareholders accept the bid. *(Bloomberg, AFX)*

Quick Test for Blair's Pledge

New Leader Faces Pressure to Raise Rates and Taxes

Agence France-Presse

LONDON — Prime Minister Tony Blair's government faces its first big economic test this week over whether to raise interest rates and prepare for tax increases, a move that would break the spirit of its pre-election commitments.

The new chancellor of the Exchequer, Gordon Brown, will meet Wednesday with the governor of the Bank of England, Eddie George, who is expected to urge an increase in interest rates to counter any inflationary pressures.

But even if London economists would generally approve of an increase in the base lending rate from 6.0 percent to 6.25 percent, business leaders are pressuring the new government to raise taxes instead.

The Labour Party, which was returned to power in Britain's general election last week, promised in its election manifesto not to raise the standard and the top rates of the income tax, as part of an effort to distance itself from the "tax and spend" image of its socialist past.

Britain's economic upswing is thought by some to be at risk from inflation, powered by robust consumer demand, and a strong pound that penalizes its exporters.

Many economists say an interest-rate increase would not be the right remedy, and two employers' groups — the Confederation of British Industry and the British Chambers of Commerce — have argued for a one-percentage-point increase in the standard income-tax rate.

Mr. Brown's first decision as chancellor will be a critical one, analysts say, in establishing his credibility in the financial markets.

The markets would welcome an interest-rate increase as a sign of his determination to fight inflation. But in a country where the central bank is not independent, interest-rate increases are viewed largely as political decisions, with their direct impact on the lives of millions of Britons who have bought their houses with mortgages.

The calls for tax increases are likely to become louder over the next few weeks as Mr. Brown prepares to deliver a postelection special budget in early July.

Dispute With EU on Levy

Labour's campaign promise to reduce value-added tax on fuel may meet with opposition from the European Commission, Reuters reported Monday from Brussels.

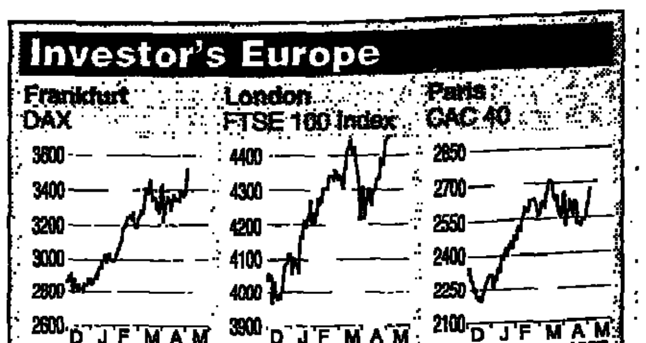
A representative of the commission said that while efforts would be made to avoid a direct confrontation, the spirit of the EU's tax directive was "to bring normal rates together." Labour's promise to reduce the tax "goes against that objective," she said.

"The Commission is ready to study with the British authorities the best solution," she added.

Labour has promised to cut the value-added tax on heating fuel to 5 percent from 8 percent.

All the 15 EU countries except Britain tax fuel at a standard value-added rate that varies from 15 percent in Germany and Luxembourg to 22 percent in Finland.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	779.57	771.57	+1.04
Brussels	BEL-20	2,254.87	2,253.83	+0.05
Frankfurt	DAX	3,528.78	3,460.37	+1.98
Copenhagen	Stock Market	549.04	546.52	+0.46
Helsinki	HEX General	2,997.57	2,972.49	+0.84
Oslo	OBX	606.91	598.54	+1.40
London	FTSE 100	Closed	4,455.60	
Madrid	Stock Exchange	521.54	N.A.	
Milan	MIBTEL	12333	12354	-0.17
Paris	CAC 40	2,672.84	2,655.31	+0.66
Stockholm	SX 16	2,909.88	2,857.44	+1.84
Vienna	ATX	1,211.65	1,205.71	+0.49
Zurich	SPI	3,170.56	3,127.47	+1.38

Source: Telekurs — International Herald Tribune

Very briefly:

- **Skanska AB**'s first-quarter pretax profit fell 23 percent, to 412 million kronor ($52.7 million) from 537 million kronor a year earlier, *amid lower activity in the Swedish construction* market and reduced gains from the sale of real estate.
- **OMV AG**, Austria's oil and gas producer, reported an 8.5 percent increase in pretax profit in the first period, to 1.02 billion schillings ($84.2 million), from 94 million schillings a year earlier, as it streamlined its corporate structure.
- **Olivetti SpA**'s former chairman, Carlo De Benedetti, was cleared of tax fraud in a preliminary inquiry into alleged dividend-stripping at the company from 1988 to 1992, judicial *sources in Turin said.*
- **Matra Cap Systemes**, a unit of **Lagardere SCA** of France, changed its name to **Matra Systemes & Information.**
- **Danzas Holding AG**, a Swiss transportation company, said first-quarter results were "slightly" better than a year earlier but did not release figures. Its net profit last year more than doubled, to 13 million francs ($8.8 million).
- **Romania** opened a 137-hectare (338-acre) free-trade zone on the Danube River to try to increase trade and attract foreign investors. The zone is in the new port of Galati, 250 kilometers (155 miles) northeast of Bucharest.
- **Sweden's** new-car registrations rose 58 percent in April from a year earlier, to 26,352.
- **Bosch-Siemens Hausgeraete GmbH**, a venture of **Robert Bosch AG** and **Siemens AG**, denied a report that it planned to bid for **Raytheon Co.**'s Amana appliance unit.
- **Spain**'s producer price index rose 0.1 percent in March from February and 0.8 percent from a year earlier.
- **Denmark**'s unemployment rate fell to 8.0 percent in March from 8.1 percent in February. *Bloomberg News, Reuters, AFX, AFP*

Strong Sales Lift VW Profit 48%

Compiled by Our Staff From Dispatches

WOLFSBURG, Germany — Volkswagen AG, the largest carmaker in Europe, reported a 48 percent increase in first-quarter net profit Monday and said it expected profits to improve for the full year.

VW said it earned a net 172 million Deutsche marks ($100 million) in the quarter, up from 116 million DM a year ago. *Sales rose to 26.86* billion DM, from 24.47 billion DM.

The company said the results would have been even better if not for the effect of a Spanish truckers' strike in February. The strike, which prevented delivery of some key parts and components, cost the company 64 million DM.

Analysts said the earnings, which were in line with expectations, were a further confirmation of the company's cost-cutting strategy and strong product line.

VW last week reached an agreement with workers that permits the company to pay wages to temporary workers that are 10 percent lower than those paid to existing workers.

The company's main cost-cutting strategy involves a reduction of the *number of underbodies it builds its* cars on to four, from 19.

VW shares, the best-performing on the benchmark DAX Index this year with gains of 89 percent, closed Monday at 1,198 DM, up 41.

VW said strong international sales offset falling demand in Germany. International sales rose 19.3 percent, to 17.8 billion DM, while domestic sales fell 5.2 percent, to 9.1 billion DM.

"VW's strength overseas is a big competitive advantage compared to other European carmakers," said Klaus-Juergen Melzner, auto analyst with Deutsche Morgan Grenfell in Frankfurt. "If it did not have that strategic position, the earnings would not be nearly as good."

In the United States, "due to the rising dollar, active import business continued," VW said. The company did not quantify the effect currency *had on its earnings.*

Sales of Volkswagen models in the United States rose 8.7 percent, to 29,526, the company said. Audi sales rose by more than a third, to 7,716 cars.

In Mexico, VW sales rose 24.3 percent, to 12,234 autos. Volkswagen said it sold 67,269 cars in China from January through March, a 28.6 percent increase.

German production fell 4 percent, to 1,241,600 units, in the first quarter. Cars led the decrease with a 5.3 percent decline, while sport-utility vehicle production rose 9.4 percent. *(Bloomberg, AP)*

SAP: *High-Growth Software Manufacturer Is Targeted in Germany's Biggest Insider-Trading Inquiry*

Continued from Page 11

paper disclosed the investigation on its front page. By early afternoon, after SAP said that the investigation was a "routine" response to volatile price moves last October, the shares had rebounded.

The shares finished at a record 324.50 Deutsche marks ($188.39), a gain of 3.10 DM for the day, after hitting an intraday low of 311 DM. Volatility could resume Tuesday when London traders return to their desks after a holiday Monday.

Investigators are looking into events of last Oct. 22, when the company released a quarterly report that took the market by surprise. After the share price had climbed steadily for weeks, SAP warned that it no longer expected to reach its 1996 goal of a 40 percent increase in pretax profit.

Within minutes of the announcement, SAP shares plunged more than 23 percent. The shares continued to fall for several days, but then recovered dramatically.

As it turned out, the company's profit warning was wrong: A record fourth quarter boosted SAP's full-year pretax earnings by an above-target 43 percent.

An SAP spokesman, Michael Pfister, said prosecutors also were looking into derivative trading associated with the plunge, examining who had profited from option contracts on SAP shares, according to information that the authorities have shared with the company.

SAP is cooperating "actively" with the inquiry, which began in December, Mr. Pfister said. He denied reports that prosecutors had searched SAP's offices and confiscated SAP's telephone records.

"According to information from prosecutors, the investigation has been extended to all staff and divisions of the company with access to the relevant information, which means that there is not at this time any targeted probe of specific people," the company said late Monday.

Many Germans have worked hard to put the country's old reputation as an insider haven behind it. The German version of the U.S. Securities and Exchange Commission has passed on 11 cases to prosecutors in the first quarter of 1997, compared with seven for the whole of 1995.

Since it was founded, however, the agency has only had seven successful prosecutions. The maximum punishment for insider trading is five years in jail, but all seven defendants paid only fines.

In February, Germany imposed its toughest penalty yet with a fine of 3.6 million DM in connection with trading in shares of the construction supplier Weru AG.

Despite its reputation, "Germany has become a much fairer and open place for trading shares," said Ralf Conen, Frankfurt-based analyst at Salomon Brothers. The SAP case could help Frankfurt by sending the message that regulators are determined to clean up Germany's financial scene once and for all, he said.

Polishing the city's financial image is essential to a raft of other initiatives.

To lure international funds, lawmakers are rewriting laws to improve market efficiency and allow companies to buy back their own shares. Deutsche Boerse AG, the Frankfurt stock exchange, has opened a new market for small companies.

Government privatizations are pending and banks are promoting equities as a means of achieving pension savings with state pensions facing a funding crisis.

ENI and ENEL Set Venture

Bloomberg News

ROME — ENI SpA, Italy's state-controlled oil and gas company, and ENEL SpA, its state-owned electrical utility, said Monday that they had signed a memorandum of understanding to set up an independent electricity company this year.

The new company will have a combined capacity of 5,000 megawatts, which would make it the second-largest electricity producer in Italy behind ENEL and ahead of Edison SpA's 3,200 megawatts. ENEL stands for Ente Nazionale per L'Energia Elettrica.

The new company, which will be 50-50 owned, will be quoted on the stock market.

The government in June will sell a third block of shares in ENI, whose full name is Ente Nazionale Idrocarburi, taking the government's stake down to about 55 percent.

WORLD STOCK MARKETS

Monday, May 5

Prices in local currencies.
Telekurs

Amsterdam
AEX index: 779.57 — Previous: 771.57

	High	Low	Close	Prev.
ABN-AMRO	137.20	136.60	137.10	135.90
Aegon	140.90	139	140.70	138.30
Ahold	140.30	137.50	140	137
Akzo Nobel	257.90	253.90	257.30	253
Baan Co.	109.70	108.40	108.50	106.20
Bols-Wess.cva	38.90	38.50	38.70	38.80
CSM cva	112.80	111	112.40	112.20
Dordtsche Pet	372.90	370.10	372	367.10
DSM	198.90	197.50	198.80	196.40
Elsevier	31.80	31.40	31.80	31.30
Fortis Amev	77	75.50	76.30	75.40
Getronics	63.90	62.80	63.70	62.30
G[illegible] cva	46.90	46.10	46.90	45.80
Hagemeyer	174.50	172	173.20	171
Heineken	343.20	336	341.80	333.20
Hoogovens cva	90.90	89.60	90.60	89.60
Hunt Douglas	172	168.50	171.90	167.50
ING Group	79.20	78.20	78.80	78.10
KLM	60.30	58.50	59.90	58.20
KNP BT	39.80	39.10	39.70	39.50
KPN	69.40	68.80	69.40	69
Nedlloyd Gp	45.50	44.90	45.50	45
N[illegible]	294.50	292.50	294	291.80
Oce Grinten	243.80	238.70	242.60	238.70
Philips Elec	108.90	106.50	107	108.10
PolyGram	97.40	96.50	96.70	96.20
Randstad Hdg	183	179	180	180
Robeco	167	165.60	167	163.90
Rodamco	61	60.50	61	60.70
Rolinco	169	168.60	168.60	166.90
Rorento	109.60	109.40	109.40	109
Royal Dutch	350.20	348.10	350	344.50
Unilever cva	379.90	377	379	377.80
Vendex Intl	96.40	95.60	96.10	95.50
VNU	40.70	40.10	40.50	40
Wolters Kl cva	229.10	226	228.40	226.50

Markets Closed

Bangkok, London, Mexico, Seoul and Tokyo were closed Monday for a holiday.

Bombay
Sensex 30 index: 3736.70 — Previous: 3861.71

	High	Low	Close	Prev.
Bajaj Auto	884	850.25	857.75	884.75
Hindust Lever	1084	1070.50	1072.75	1084
Hindust Petm	434	417	430.75	417.75
Ind Dev Bk	88.75	87.50	87.75	88.75
ITC	408	399	400.75	406.25
Mahanagar Tel	285	279.25	281.25	283.75
Reliance Ind	302.25	298.25	298.50	304.50
State Bk India	308.50	301.25	301.75	309.75
Steel Authority	21	20.50	20.75	21.25
Tata Eng Loco	389.25	378.25	380	391.75

Brussels
BEL-20 index: 2254.87 — Previous: 2253.83

	High	Low	Close	Prev.
Almanij	15450	15200	15300	15200
Barco Ind	6160	6080	6150	6100
BBL	9030	8910	8990	8920
CBR	3600	3570	3575	3565
Colruyt	14650	14550	14575	14700
Delhaize Lion	1810	1795	1800	1790
Electrabel	8160	8120	8130	8140
Electrafina	3540	3530	3530	3550
Fortis AG	6470	6430	6440	6420
Gevaert	2835	2760	2825	2760
GIB	5330	5290	5290	5310
Gen Banque	14925	14825	14850	14825
Kredietbank	14350	14175	14275	14175
Petrofina	12775	12675	12725	12800
Powerfin	5080	5040	5060	5060
Royale Belge	9380	9280	9350	9270
Soc Gen Belg	3265	3225	3250	3215
Solvay	21500	21350	21350	21475
Tractebel	15325	15250	15250	15300
UCB	98300	97000	97000	97650

Copenhagen
Stock Index: 549.04 — Previous: 546.52

	High	Low	Close	Prev.
BG Bank	300	296	300	293
Carlsberg B	415	409	414	413
Codan Fors	880	865	880	865
Danisco	393	389	390	390
Den Danske Bk	592	586	589	585.50
D/S Svendborg B	304500	304000	304500	303000
D/S 1912 B	214500	213500	213500	212000
FLS Ind B	995	975	995	985
Kob Lufthavne	685	680	680	680
NovoNordisk B	656	650	655	654.30
Sophus Berend B	822	814	816	814
Tele Danmk B	328.33	325	327	325
Tryg Baltica	360	350	360	347
Unidanmark A	335	328.01	333	331

Frankfurt
DAX: 3528.78 — Previous: 3460.37

	High	Low	Close	Prev.
AMB B	1330	1300	1300	1310
Adidas	182	180	180.50	180
Allianz Hdg	346.50	345	345.50	334
Altana	1420	1395	1409	1370
Bk Berlin	37	36.95	36.95	36.65
BASF	69.33	69	69.13	68.10
Bayer Hypo Bk	55.90	54.50	55.75	54
Bay.Vereinsbank	70.20	69.80	70.20	68.70
Bayer	68.58	68	68.30	67.53
Beiersdorf	86.25	85.85	85.85	86.10
Bewag	44	43.60	43.80	43.80
BMW	1505	1487	1490	1461
CKAG Colonia	164.50	163	164.50	162.50
Commerzbank	47.70	47.25	47.70	46.65
Daimler Benz	137.05	136.20	136.20	131.70
Degussa	79.80	79	79.80	78.80
Deutsche Bank	93.45	92.90	93.40	91.35
Deut Telekom	38.65	38.40	38.55	37.50
Dresdner Bank	57.80	57.10	57.80	55.98
Fresenius	370	361	361	368
Fresenius Med	156	152	156	152
Fried. Krupp	329	324	329	323
Gehe	115.20	113	113	115
Heidelbg Zmt	147	144	147	143.50
Henkel pfd	95.70	95.20	95.50	94.50
HEW	495	495	495	495
Hochtief	68.50	67	68.50	68
Hoechst	67	66.35	66.35	67.65
Karstadt	531.50	520	530	516
Lahmeyer	73.50	72.40	72.40	71.90
Linde	1275	1267	1270	1260
Lufthansa	25.60	25.20	25.40	24.60
MAN	500	497	499.50	495.50
Mannesmann	684	681	682	680
Metallgesellschaft	36.30	35.95	35.95	36.30
Metro	172.70	169.50	170.80	167.80
Munch Rueck R	4235	4200	4217	4120
Preussag	440.50	437	438	435.50
RWE	73.23	72.50	73.15	71.05
SAP pfd	325	311	321	319.50
Schering	172.50	170	171.50	169.40
SGL Carbon	248.90	242	248.90	240
Siemens	96.90	96	96.85	94.75
Springer (Axel)	N.T.	N.T.	N.T.	1490
Suedzucker	850	840	843	844.50
Thyssen	385	380	381	380.20
Veba	90.40	89.90	90.10	89.40
VEW	503	500.50	503	502
Viag	780	775	776	773
Volkswagen	1210	1188	1198	1157

Helsinki
HEX General index: 2997.57 — Previous: 2972.49

	High	Low	Close	Prev.
Enso A	44.80	44.20	44.80	44.50
Huhtamaki I	223.50	221.50	223.50	220
Kemira	50.50	49.50	50.30	49
Kesko	74	73.10	73.50	74
Merita A	17.90	17.40	17.90	17.30
Metra B	144	143	144	143
Metsa-Serla B	39.90	39.20	39.10	38.50
Neste	136.80	131	136	131
Nokia A	332	329.50	331	328.50
Orion-Yhtymae	196.70	195	196.10	197
Outokumpu A	99.50	98.50	98.90	99.20
UPM-Kymmene	121.50	120	120.50	121
Valmet	88.50	88	88.10	88

Hong Kong
Hang Seng: 13399.34 — Previous: 13081.70

	High	Low	Close	Prev.
Amoy Props	8.40	8.10	8.40	7.90
Bk East Asia	27.60	26.90	27.55	26.65
Cathay Pacific	11.80	11.65	11.70	11.80
Cheung Kong	73.75	72	73.75	71
CK Infrastruct	22.70	22.05	22.65	21.95
China Light	34.90	34.50	34.50	34.50
Citic Pacific	43	41.90	42.40	42.20
Dao Heng Bk	38.10	36.50	37.90	36.10
First Pacific	9.75	9.45	9.70	9.40
Hang Lung Dev	14.80	14.60	14.75	14.45
Hang Seng Bk	90.50	89	90.25	88.50
Henderson Inv	9	8.85	8.95	8.70
Henderson Ld	71.25	68.75	70.50	67.50
HK China Gas	12.50	12.25	12.30	12.30
HK Electric	26.40	26.20	26.25	26.25
HK Telecomm	13.50	13.20	13.25	13.20
Hopewell Hdgs	4.15	4.03	4.10	4
HSBC Hdgs	204	201	203	197.50
Hutchison Wh	60.50	59	60.25	58.75
Hysan Dev	23.25	22.80	23.10	22.65
Johnson El Hdg	21	20.90	21	20.90
Kerry Props	18.55	18.50	18.50	18.35
New World Dev	48.90	46.50	48.60	45.70
Oriental Press	2.93	2.83	2.85	2.88
Pearl Oriental	2.98	2.90	2.93	2.95
SHK Props	91	88.50	90.50	87.25
Shun Tak Hdgs	5	4.80	4.88	5
Sino Land Co.	8.10	7.85	8	8
Sth China Post	6.80	6.65	6.70	6.70
Swire Pac A	63.50	60.75	61.50	59.75
Wharf Hdgs	30.60	29.30	30.50	29.20
Wheelock	17.15	16.50	17.05	16.15

Jakarta
Composite index: 652.79 — Previous: 647.89

	High	Low	Close	Prev.
Astra Intl	6000	5925	6000	5950
Bk Intl Indon	1775	1700	1775	1725
Bk Negara	1500	1450	1475	1450
Gudang Garm	9750	9675	9700	9650
Indocement	3125	3100	3100	3125
Indofood	5125	5125	5175	5125
Indosat	6900	6775	6875	6775
Sampoerna HM	9725	9600	9675	9600
Semen Gresik	6050	6000	6025	5975
Telekomunikasi	3550	3450	3550	3450

Johannesburg
All Market: 7198.40 — Previous: 7149.83

	High	Low	Close	Prev.
Amalgamatd Bks	29.70	29.40	29.40	29.40
AngloAm Coal	298	298	298	298
AngloAm-Corp	288.50	284.75	284.25	284.25
AngloAm Gold	296	291	298.75	298.75
AngloAm Ind	207	199	199	199
AVMIN	16.50	16.50	16.50	16.50
Barlow	49	48.95	49	49
C.G. Smith	26.50	26.15	26.15	26.15
De Beers	160.50	159.75	159.75	159.75
Driefontein	38.75	37.75	37.40	37.40
Fst Natl Bk	32	31.80	31.80	31.80
Gencor	18.60	18.50	18.50	18.50
GFSA	109	108.50	109	109
Imperial Hdgs	60	59.25	59.50	59.50
Ingwe Coal	29	28.50	28.50	28.50
Iscor	3.14	3.12	3.12	3.12
Johnnies Indl	60.25	60.25	60.25	60.25
Liberty Hdgs	333	330	330	330
Liberty Life	126	125	125.75	125.75
LibLife Strat	17.25	16.95	17.10	17.10
Minorco	100.50	99.75	99.50	99.50
Nampak	19.60	19.25	19.25	19.25
Nedcor	93.50	91.25	90.25	90.25
Rembrandt Gp	47.10	46.75	47	47
Richemont	66	64.75	65.25	65.25
Rust Platinum	72.25	71.75	72	72
SA Breweries	132.75	131.50	132	132
Samancor	46.75	46	46	46
Sasol	58	57.50	57.75	57.75
SBIC	211	205	205	205
Tiger Oats	77.75	77.25	78	78

Kuala Lumpur
Composite: 1094.97 — Previous: 1097.56

	High	Low	Close	Prev.
AMMB Hdgs	16.40	15.40	15.80	16.30
Genting	14.30	13.70	14.30	13.70
Mal Banking	26.75	25.50	26	25.50
Mal Intl Ship F	5.80	5.70	5.75	5.75
Petronas Gas	8.65	8.55	8.60	8.60
Proton	14.70	14.50	14.50	14.60
Public Bk	4.46	4.38	4.38	4.38
Renong	3.52	3.44	3.44	3.50
Resorts World	9.55	9.25	9.25	9.40
Rothmans PM	24.40	23.50	23.50	24.20
Sime Darby	8	7.75	7.80	7.90
Telekom Mal	18.10	17.60	17.70	18
Tenaga	11.90	11.60	11.70	11.80
Utd Engineers	18.20	17.60	17.70	18
YTL	10.80	10.50	10.60	10.60

Madrid
Bolsa index: 525.85 — Previous: 513.35

	High	Low	Close	Prev.
Acerinox	21900	21500	21780	21680
ACESA	1750	1685	1730	1680
Aguas Barcelon	5820	5700	5790	5750
Argentaria	6670	6550	6660	6550
BBV	10110	9990	10100	9970
Banesto	1415	1310	1415	1300
Bankinter	22280	22020	22200	22500
Bco Centro Hisp	4495	4460	4490	4465
Bco Popular	32150	31610	32150	31230
Bco Santander	11340	11040	11330	11030
CEPSA	4820	4755	4820	4760
Continente	2475	2445	2465	2470
Corp Mapfre	7800	7590	7800	7700
Endesa	10750	10320	10750	10260
FECSA	1240	1210	1225	1200
Gas Natural	31750	31150	31700	30800
Iberdrola	1680	1660	1675	1645
Pryca	2575	2530	2570	2550
Repsol	6160	6080	6100	6100
Sevillana Elec	1315	1290	1305	1285
Tabacalera	7430	7300	7430	7270
Telefonica	3825	3765	3825	3735
Union Fenosa	1260	1230	1255	1225

Manila
PSE index: 2736.42 — Previous: 2605.65

	High	Low	Close	Prev.
Ayala B	22.50	18.50	22	18.25
Ayala Land	20	18.50	19.75	18.75
Bk Philip Isl	156	147	156	144
C&P Homes	10.50	9.80	10.25	9.90
Manila Elec A	113	110	113	110
Metro Bank	590	545	590	545
Petron	9.50	8.90	9.40	9.10
PCIBank	305	300	305	307.50
Phil Long Dist	1485	1460	1465	1485
San Miguel B	77	75.50	74.50	75.50
SM Prime Hdg	6.90	6.70	6.90	6.70

Milan
MIB Telematico: 12333.00 — Previous: 12354.00

	High	Low	Close	Prev.
Alleanza Assic	11700	11505	11635	11530
Bca Comm Ital	3715	3670	3680	3715
Bca Fideuram	4400	4345	4390	4320
Bca di Roma	1270	1230	1252	1238
Benetton	22900	22500	22850	22500
Credito Italiano	2440	2405	2425	2425
Edison	9195	9030	9055	9230
ENI	8760	8615	8695	8740
Fiat	5750	5670	5705	5700
Generali Assic	29500	29000	29350	28950
IMI	14800	14510	14770	14500
INA	2300	2265	2300	2250
Italgas	5875	5805	5850	5840
Mediaset	7340	7280	7335	7295
Mediobanca	10390	10150	10175	10600
Montedison	1124	1106	1110	1122
Olivetti	501	481	499.50	486
Parmalat	2525	2500	2500	2500
Pirelli	3810	3760	3780	3780
RAS	14250	13760	13780	13920
Rolo Banca	17500	17350	17380	17350
S Paolo Torino	11350	11200	11275	11395
Stet	8270	8200	8260	8210
Telecom Italia	4645	4570	4595	4625
TIM	5435	5340	5360	5375

Montreal
Industrials index: 3067.83 — Previous: 3039.33

	High	Low	Close	Prev.
Bce Mob Com	44¼	43.80	43.80	44.35
Cdn Tire A	25.40	25¼	25¼	25.40
Cdn Util A	34	33.30	34	33.70
CT Finl Svc	33.35	33.35	33.35	33.30
Gaz Metro	17½	17.20	17.40	17.30
Gt-West Lifeco	24	24	24	24
Imasco	39½	38¼	38½	39½
Investors Grp	25½	25½	25½	25½
Loblaw Cos	17.45	17.20	17.30	17.45
Natl Bk Canada	16.55	16.30	16.20	16.55
Power Corp	29.80	29.35	29.80	29.70
Power Finl	27¼	26.80	26.80	26¾
Quebecor B	25¼	24¾	25.15	24.70
Rogers Comm B	8.10	7.90	7.90	8.10
Royal Bk Cda	58¾	57.85	58.15	58.65

Oslo
OBX index: 606.91 — Previous: 598.54

	High	Low	Close	Prev.
Aker A	172	169	169	170
Bergesen Dy A	156	149	155	148.50
Christiania Bk	23.50	22.80	22.90	22.90
Den norske Bk	26.30	25.80	26.20	25.60
Elkem	137.50	135	137	135
Hafslund A	44	43	43.50	43
Kvaerner Asa	356	353	355	353
Norsk Hydro	347	343.50	344	340.50
Norske Skog A	237.50	233	237	234.50
Nycomed A	113	111	112	110.50
Orkla Asa A	615	603	615	603
Petm GeoSvc	283	273	282	266
Saga Petm A	125.50	123	124	123
Schibsted	126	125	126	124
Transocean Off	420	415	415	417
Storebrand Asa	45.10	44.60	45	44.60

Paris
CAC-40: 2672.84 — Previous: 2655.31

	High	Low	Close	Prev.
Accor	880	858	879	855
AGF	195.70	191	195	190.50
Air Liquide	879	866	879	864
Alcatel Alsth	648	636	645	642
Axa-UAP	363.50	358	362.50	359
Bancaire	775	768	769	770
BIC	927	905	917	927
BNP	248.70	242	245.60	249
Canal Plus	1077	1051	1069	1060
Carrefour	3787	3690	3760	3699
Casino	275	271.50	274.50	275
CCF	263.50	259	259.50	263
Cetelem	683	667	683	674
Christian Dior	882	869	870	878
CLF-Dexia Fran	552	539	546	539
Credit Agricole	1280	1266.10	1280	1265
Danone	881	864	879	863
Elf-Aquitaine	578	570	575	573
Eridania BS	890	870	878	887
Eurodisney	9.75	9.60	9.70	9.70
Eurotunnel	6.70	6.55	6.70	6.65
Gen. Eaux	815	805	806	817
Havas	450	438.20	445.80	447.30
Imetal	807	800	803	806
Lafarge	394.90	387.20	394	391.90
Legrand	988	971	988	976
L'Oreal	2149	2103	2148	2099
LVMH	1424	1405	1416	1415
Lyon. Eaux	539	530	539	530
Michelin B	334.50	330	333.60	328.80
Paribas A	373.40	365.70	371.80	373.60
Pernod Ricard	310	299.90	310	303
Peugeot Cit	591	584	588	584
Pinault-Print	2489	2460	2478	2489
Promodes	1995	1982	1986	1975
Renault	143	134.40	141.70	137
Rexel	1584	1549	1582	1551
Rh-Poulenc A	198	196.50	197.80	199
Sanofi	574	552	570	560
Schneider	334.50	328	328	334
SEB	1039	1025	1033	1023
SGS Thomson	479.90	464.30	476	456
Ste Generale	656	648	652	657
Sodexho	2705	2691	2691	2700
St Gobain	795	779	789	778
Suez	285.90	282.20	285	281.80
Synthelabo	739	720	725	730
Thomson CSF	184.90	180.60	184.20	180
Total B	492.50	486.20	490.50	486
Usinor	90	88.50	88.60	89.50
Valeo	364	358.50	361.10	362.10

São Paulo
Bovespa index: 10088.86 — Previous: 10074.27

	High	Low	Close	Prev.
Bradesco Pfd	8.88	8.70	8.88	8.80
Brahma Pfd	727.00	725.98	725.99	726.50
Cemig Pfd	48.00	46.60	46.60	47.60
CESP Pfd	67.02	56.51	57.00	57.02
Copel	16.50	16.30	16.50	16.50
Eletrobras	486.50	480.00	480.00	485.00
Itaubanco Pfd	587.00	585.01	587.00	590.00
Light Servicios	460.00	452.99	460.00	455.00
Lightpar	340.00	337.00	337.01	340.50
Petrobras Pfd	231.00	227.00	227.50	228.50
Paulista Luz	172.50	170.00	170.00	172.00
Sid Nacional	38.10	37.80	37.80	37.990
Souza Cruz	8.85	8.65	8.85	8.65
Telebras Pfd	123.80	122.01	122.50	123.10
Telemig	172.49	170.00	170.00	173.00
Telerj	177.50	177.00	177.00	178.00
Telesp Pfd	308.49	305.11	308.00	308.50
Unibanco	40.50	40.50	40.50	40.70
Usiminas Pfd	1.25	1.23	1.23	1.25
CVRD Pfd	27.80	26.60	26.71	27.80

Singapore
Straits Times: 2028.60 — Previous: 2016.33

	High	Low	Close	Prev.
Asia Pac Brew	6.70	6.60	6.60	6.75
Cerebos Pac	8.95	8.80	8.85	8.95
City Devlts	12.30	12	12.20	11.90
Cycle Carriage	15.10	14.90	14.90	15
Dairy Farm Int*	0.75	0.73	0.74	0.74
DBS foreign	18.20	17.70	17.90	17.70
DBS Land	4.92	4.68	4.84	4.66
Fraser & Neave	11.20	10.90	10.90	10.80
HK Land*	2.22	2.18	2.22	2.18
Jard Matheson*	5.50	5.45	5.45	5.45
Jard Strategic*	3.52	3.46	3.50	3.50
Keppel	6.70	6.45	6.70	6.35
Keppel Bank	3.82	3.80	3.82	3.80
Keppel Fels	4.56	4.50	4.50	4.52
Keppel Land	3.90	3.76	3.88	3.80
OCBC foreign	17.80	17.50	17.60	17.50
OS Union Bk F	10.30	10	10	10.10
Parkway Hdgs	5.95	5.85	5.85	5.85
Sembawang	6.85	6.45	6.70	6.40
Sing Air foreign	12.80	12.60	12.70	12.80
Sing Land	7.05	7	7.05	7
Sing Press F	27	26.80	26.90	26.90
Sing Tech Ind	3.78	3.64	3.64	3.74
Sing Telecomm	2.46	2.41	2.45	2.42
Tat Lee Bank	3.36	3.34	3.34	3.32
Utd Industrial	1.10	1.08	1.09	1.07
Utd O'Sea Bk F	14.50	14.10	14.40	14.10
Wing Tai Hdgs	4.06	3.90	3.90	3.94

*: In U.S. dollars.

Stockholm
SX 16 index: 2909.88 — Previous: 2857.44

	High	Low	Close	Prev.
AGA B	105.50	102	105	102.50
ABB A	99.50	96.50	98.50	97
AssiDoman	207	200	203.50	203
Astra A	328	323	325	320.50
Atlas Copco A	200	196.50	200	195.50
Autoliv	286	273	286	272.50
Electrolux B	462	456	462	453
Ericsson B	265.50	263	264	261.50
Hennes B	1178	1140	1178	1140
Incentive A	520	510	515	520
Investor B	355	348	354	347.50
MoDo B	248	240	246.50	235
Nordbanken	247	242.50	247	247
Pharm/Upjohn	237.50	231	236.50	231.50
Sandvik B	205	195	203	195
Scania B	209.50	204	207.50	207.50
SCA B	178.50	174	177.50	174
S-E Banken A	83.50	82.50	83	82.50
Skandia Fors	241	235	239.50	233.50
Skanska B	350	338	346	337.50
SKF B	178	174.50	177	173
Sparbanken A	147	141.50	143	145.50
Stadshypotek A	190	190	190	190
Stora A	114	110	113.50	109
Sv Handles A	221	218.50	220.50	217

Sydney
All Ordinaries: 2492.70 — Previous: 2491.60

	High	Low	Close	Prev.
Amcor	8.50	8.36	8.38	8.43
ANZ Bkng	8.28	8.12	8.13	8.21
BHP	18.22	18	18.03	18.04
Boral	3.81	3.71	3.74	3.79
Brambles Ind.	23.72	23.30	23.30	23.35
CBA	14.05	13.98	13.99	13.98
CC Amatil	14.85	14.64	14.70	14.65
Coles Myer	6.35	6.25	6.32	6.28
Comalco	6.29	6.19	6.23	6.20
CRA	19.28	19.08	19.10	19.10
CSR	4.83	4.70	4.70	4.80
Fosters Brew	2.63	2.59	2.59	2.59
Goodman Fld	1.67	1.65	1.65	1.67
ICI Australia	12.67	12.47	12.47	12.55
Lend Lease	24.30	24	24	24
MIM Hdgs	1.72	1.70	1.71	1.71
Nat Aust Bank	17.87	17.70	17.79	17.70
Nat Mutual Hdg	1.93	1.91	1.91	1.89
News Corp	5.96	5.87	5.87	5.88
Pacific Dunlop	3.52	3.47	3.49	3.49
Pioneer Intl	4.30	4.25	4.28	4.28
Pub Broadcast	6.72	6.45	6.45	6.70
St George Bank	8.01	7.93	7.96	8
WMC	7.61	7.52	7.55	7.52
Westpac Bkng	7.15	7.09	7.15	7.05
Woodside Pet	10.42	10.30	10.40	10.30
Woolworths	3.95	3.90	3.91	3.90

Taipei
Stock Market index: 8269.42 — Previous: 8187.08

	High	Low	Close	Prev.
Cathay Life Ins	163	160	161	160
Chang Hwa Bk	121	116	116.50	118.50
Chiao Tung Bk	70	68.50	69	68.50
China Develpmt	115	112	114	112.50
China Steel	30.40	28.80	30.30	28.70
First Bank	119	116	117	116.50
Formosa Plastic	68.50	66.50	68	67
Hua Nan Bk	119	115	115	116.50
Intl Comm Bk	68.50	66.50	68	66.50
Nan Ya Plastics	72.50	70	70.50	71
Shin Kong Life	99.50	98	98.50	99
Taiwan Semi	98.50	91	96	90.50
Tatung	58	56	57	55.50
Utd Micro Elec	68	64	66.50	64.50
Utd World Chin	70.50	69	69.50	69

Toronto
TSE Industrials: 6111.23 — Previous: 6106.91

	High	Low	Close	Prev.
Abitibi Price	24.10	23.85	24	24
Alberta Energy	30.05	29.80	29.85	30.10
Alcan Alum	48.45	47.70	47.90	48.35
Anderson Expl	16¾	16½	16¾	16½
Bk Montreal	53.55	52	52.20	53¼
Bk Nova Scotia	55.45	54.55	54.85	55.40
Barrick Gold	32.10	31.80	32.10	31.40
BCE	69.85	68.85	68.95	69.95
BC Telecomm	29.35	29	29.30	29.20
Biochem Pharm	32.35	30.05	32.35	27½
Bombardier B	28	27.85	27.95	27.90
Brascan A	34	33.80	33.90	33.90
Bre-X Minerals	N.T.	N.T.	N.T.	3.23
Cameco	53¾	51.85	53	51.60
CIBC	33.80	33	33.20	33.55
Cdn Natl Rail	56.95	56½	56.55	56
Cdn Nat Res	35	34½	35	34½
Cdn Occid Pet	27.95	27.65	27.90	27.80
Cdn Pacific	34.70	34.20	34.40	34.35
Cominco	36.20	36	36	36
Dofasco	24¼	23.95	23.95	24¼
Domtar	11¾	11½	11.65	11.70
Donohue A	29.05	28½	28.80	28.80
Du Pont Cda A	34.85	34¼	34.85	34¼
Edper Group	23.45	23.30	23.40	23.45
EuroNev Mng	39¼	38.70	39	38¼
Fairfax Finl	299	299	299	299
Falconbridge	30.10	29.55	29.55	30¼
Fletcher Chall A	23½	23.30	23½	23.45
Franco Nevada	64½	64	64¼	64
Gulf Cda Res	11.45	11.30	11.40	11.40
Imperial Oil	64.20	63.85	63.95	63.85
Inco	45¾	45.05	45¼	45.70
IPL Energy	42.70	42.35	42.55	42.30
Laidlaw B	19.30	19.10	19.20	19.15
Loewen Group	43.20	41½	43.20	41.70
Macmill Bldl	19.60	19.30	19½	19.65
Magna Intl A	75.45	74.40	75.45	74.20
Methanex	13.10	12.90	13.10	13
Moore	29.05	28.65	29.05	28.90
Newbridge Net	48.20	46	48	46.15
Noranda Inc	30	29.70	29.80	30
Norcen Energy	28.80	28.55	28¾	28¾
Nthern Telecom	106.45	103½	105.10	103½
Nova	11.90	11.70	11.85	11.85
Onex	24¼	24	24	24
Pancdn Petlm	56.20	56.10	56.15	56.10
Petro Cda	22.95	22.85	22.90	22.90
Placer Dome	24¼	23.65	24	23¾
Poco Petlm	14½	14.20	14½	14.15
Potash Sask	115¼	110.10	115	111.65
Renaissance	39.90	39½	39.65	39¼
Rio Algom	35.95	35.40	35.65	35¼
Rogers Cantel B	23.80	23½	23.80	23.40
Seagram Co	54½	53.40	53.90	53.85
Shell Cda A	57½	56½	57	56
Stone Consold	24	23.95	23.95	24
Suncor Energy	67	66	66.40	65
Talisman Eny	42¼	42.10	42½	42¼
Teck B	28	27.65	27.80	27½
Teleglobe	40¼	39.90	40	39¼
Telus	21.95	21.40	21.70	22.10
Thomson	31	30.30	30½	30.95
TorDom Bank	41.15	40.05	40.40	40.95
Transalta	15.95	15.70	15.90	15.70
TransCda Pipe	26.30	26	26.15	26.10
Trimark Finl	44.60	44	44¼	44
Trizec Hahn	30.95	30.70	30.80	30¾
TVX Gold	8.45	8¼	8.40	8.15
Westcoast Eny	24.95	24.40	24.40	24.60
Weston	80	79½	79½	80

Vienna
ATX index: 1211.65 — Previous: 1205.71

	High	Low	Close	Prev.
Boehler-Uddeh	932.65	900	923.10	899
Creditanst Pfd	453	450.20	453	460.55
EA-Generali	3150	3105	3130	3109
EVN	1564.45	1532.50	1556	1528
Flughafen Wien	540	506.10	531	501.60
OMV	1338.80	1321	1338.80	1329.90
Oest Elektriz	858	854	858	856.30
VA Stahl	492.85	488.30	491	489.50
VA Tech	1959	1934	1947.50	1949
Wienerberg Bau	2245	2220	2226	2240

Wellington
NZSE-40 index: 2276.61 — Previous: 2277.53

	High	Low	Close	Prev.
Air N Zeald B	4.22	4.19	4.22	4.20
Brierly Invt	1.32	1.29	1.30	1.28
Carter Holt ord	3.20	3.12	3.13	3.18
Fletch Ch Bldg	4.11	4.04	4.05	4.07
Fletch Ch Eny	4.35	4.25	4.32	4.24
Fletch Ch Forst	2.12	2.03	2.03	2.05
Fletch Ch Paper	3.25	3.20	3.21	3.22
Lion Nathan	3.60	3.50	3.50	3.57
Telecom NZ	6.60	6.52	6.52	6.53
Wilson Horton	11.65	11.65	11.65	11.65

Zurich
SPI index: 3170.56 — Previous: 3127.47

	High	Low	Close	Prev.
ABB B	1812	1799	1808	1795
Adecco B	492.50	473	475	487.50
Alusuisse R	1291	1262	1268	1254
Ares-Serono B	2145	2125	2135	2140
Atel R	882	882	882	850
Baer Hdg B	1878	1862	1870	1870
Baloise Hdg R	3150	3115	3145	3110
BK Vision	980	971	977	963
Ciba Spec Chem	135.50	132.75	134.25	131.25
Clariant R	852	845	847	848
Crd Suisse Gp R	172.50	167.50	172.25	167.25
Elektrowatt B	534	526	534	530
Ems-Chemie	6135	6100	6125	6120
ESEC Hdg	4500	4430	4500	4430
Holderbank B	1189	1167	1180	1160
Liechtenst LB B	483	483	483	482
Nestle R	1856	1815	1842	1806
Novartis R	2024	1993	2010	1978
Oerlikon Bueh R	152	148.50	152	147.75
Pargesa Hld B	1774	1763	1763	1765
PharmaVisn B	755	741	753	745
Richemont A	2160	2145	2149	2150
Pirelli PC	227	222	227	224
Roche Hdg PC	12690	12590	12690	12510
SBC R	327	323	327	324.50
Schindler PC	1797	1773	1785	1761
SGS B	3150	3070	3105	3100
SMH B	839	829	839	832
Sulzer R	1045	1032	1044	1022
Swiss Reins R	1808	1766	1800	1746
Swissair R	1380	1336	1380	1327
UBS B	1418	1398	1408	1407
Winterthur R	1105	1085	1097	1081
Zurich Assur R	491	483.50	486	485

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	157.18	+2.00	+1.29	+5.39
Regional Indexes				
Asia/Pacific	114.27	+0.63	+0.55	–7.42
Europe	165.15	+1.12	+0.68	+2.45
N. America	184.22	+2.28	+1.25	+13.78
S. America	145.60	-0.13	–0.09	+27.24
Industrial Indexes				
Capital goods	193.37	+2.02	+1.06	+13.13
Consumer goods	179.46	+1.54	+0.87	+11.17
Energy	183.85	+2.69	+1.48	+7.70
Finance	114.84	+1.09	+0.96	–1.39
Miscellaneous	158.55	+1.78	+1.14	–2.00
Raw Materials	182.54	+3.69	+2.08	+4.08
Service	145.80	+1.57	+1.09	+6.18
Utilities	134.29	+8.26	+6.55	–6.39

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

NYSE

Monday's 4 P.M. Close
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

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Continued on Page 16

ASIA/PACIFIC

Hong Kong by Web

Sites' Views of Handover Vary Widely

By Seth Schiesel
New York Times Service

There must be a reason so many of the World Wide Web sites about Hong Kong open with a depiction of that city's skyline.

But as the jewel of the British Empire prepares to be remounted in a Chinese setting, Hong Kong's skyline may be one of the few aspects of the place that will not be changed after sovereignty shifts to Beijing on July 1.

The fact that perhaps not everything is up for grabs may be a comforting thought to Web designers of all political flavors.

As a candid and readable essay on the American Chamber of Commerce's Hong Kong site put it: "In Hong Kong, there is widespread cynicism about the real intentions and agenda of the British colonial rulers in the final days of the transition. Paradoxically, there is also concern that Hong Kong will become a de facto colonial outpost of PRC interests, with less autonomy than hoped and agreed."

The People's Republic of China's official Hong Kong Web site, when it can be reached, makes quite clear its view that the territory should have been part of China long ago and that the early British authorities followed "a strict policy of oppression to indiscriminately punish Chinese as criminals."

But beyond the flattering portraits it paints of China's designated leaders for the new Special Administrative Region, as Hong Kong will be designated, and the clock counting down to the handover, the most interesting thing about the official China site is its roster of advertisers. Last week, Intel Corp., International Business Machines Corp., Eastman Kodak Co., Microsoft Corp. and U.S. Robotics Corp. all offered "warmest wishes for the prosperity of Hong Kong." Bay Networks Inc. and Oracle Corp. went further, "commemorating the return of Hong Kong to the Motherland."

Whether or not China is the motherland appears to be of little concern to the British government's Foreign and Commonwealth Office, which runs a Web site that is almost wry in its attitude to the handover.

Hong Kong's civil authorities are much more enthusiastic. The Hong Kong government and trade office in San Francisco has a Web site that offers a wealth of business information and gives the impression that the handover will be little more than an administrative detail.

Likewise, the Hong Kong Tourist Association assures visitors that English will remain on street signs and that visa requirements will not change.

The Hong Kong government's information site offers next to nothing of the territory's history, but it includes a long section dedicated to sorting out "myths and facts" about the changeover.

For example, fact 16 says (in part) that "public demand for the democratic process to stay on course and develop after 1997 will be irresistible."

But that may not be much comfort to those who fear Chinese rule.

Emily Lau, a pro-democracy Hong Kong legislator almost certain to lose her job after the changeover, runs a site that is half personal campaign literature and half general human-rights advocacy.

The Hong Kong Democratic Foundation also has a site.

The Democratic Party and two other pro-democracy political organizations, Frontier and the Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China, among others, run extensive Chinese-language sites.

Scholarly Web surfers may want to visit the Hong Kong Transition Project at Hong Kong Baptist University. The page is unwieldy, but it seems to be a serious sociological study of the transition. Those who fear academic jargon can visit the comprehensive, if sometimes stale, transition page run by The South China Morning Post or the excellent overall guide to news and information on China maintained by Eric Gondree.

WHERE TO GO

- HONG KONG GOVERNMENT ECONOMIC AND TRADE OFFICE IN SAN FRANCISCO
  http://www.hongkong.org
- CHINESE GOVERNMENT-SANCTIONED SITE
  http://www.hk1997.china.com/english/front/front.html
- CHINA NEWS (ERIC GONDREE)
  http://freenet.buffalo.edu/~cb863/china.html
- ASSOCIATION FOR CELEBRATION OF REUNIFICATION OF HONG KONG WITH CHINA
  http://www.reunification.org.hk
- SOUTH CHINA MORNING POST 1997–COUNTDOWN TO HISTORY
  http://www.scmp.com/1997
- A CHINESE LANGUAGE PRO-DEMOCRACY SITE
  http://www.enmpc.org.hk/alliance
- CHIEF EXECUTIVE OF THE SPECIAL ADMINISTRATIVE REGION
  http://www.ceoffice.org.hk
- THE FOREIGN & COMMONWEALTH OFFICE (FCO) OF THE BRITISH GOVERNMENT
  http://www.fco.gov.uk/hongkong/index.html
- THE HONG KONG TRANSITION PROJECT AT HONG KONG BAPTIST UNIVERSITY
  http://www.hkbu.edu.hk:80/~hktp
- AMERICAN CHAMBER OF COMMERCE,
  http://www.amcham.org.hk
- HONG KONG GOVERNMENT INFORMATION CENTRE
  http://info.gov.hk
- HONG KONG TOURIST ASSOCIATION
  http://www.hkta.org
- THE HONG KONG DEMOCRATIC FOUNDATION
  http://www.hkdf.org
- EMILY LAU:
  http://www.emilylau.org.hk
- THE FRONTIER WEB
  http://www.frontier.org.hk

The New York Times

Stocks Soar In Manila On Letup In Inflation

Bloomberg News

MANILA — Government data showing that inflation slowed in April sent Philippine stocks to their biggest one-day gain in nearly three and a half years Monday.

The benchmark Philippines Composite Index closed with a gain of 130.77 points, or 5.02 percent, at 2,736.42, after the government said the annualized inflation rate fell to 4.6 percent in April from 4.8 percent in March, mainly because of lower rice and corn prices.

"The main message you're seeing is that there are stable prices in this economic expansion," Manuel Lim, an economist at ING Bank in Manila, said.

The government has said it expects gross domestic product to expand at least 7.1 percent this year, compared with 5.5 percent in 1996.

An environment of low inflation could lead to lower interest rates that would spur growth as investors demand less of a premium to compensate for the risk of higher prices. Inflation erodes the value of fixed-income investments.

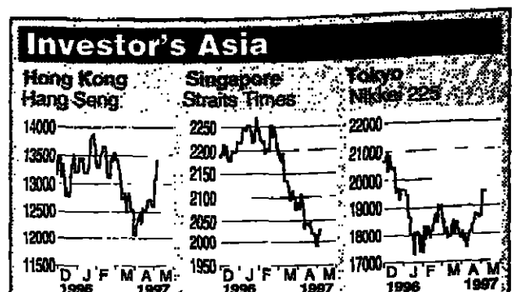
Hopes for lower rates in the future overshadowed even an increase by the Philippine central bank in its overnight borrowing rate. The rise in the rate, to 11.5 percent from 11 percent, was the third in two weeks.

"You have to look at this as a special situation," said Leslie Limsico, first vice president at Philippine Commercial International Bank. The central bank probably would not have acted so aggressively, he said, "if it had not been for all these alarmist reports that we will be the next Thailand."

Stocks fell more than 9 percent last week on fears that the Philippines faced a property-price crisis similar to the one in Thailand.

But those concerns appeared to have been whisked away by the new inflation data released by the National Statistics Office. Prices of food, beverages and tobacco, which account for three-fifths of the consumer price index, rose 1.8 percent, down from 1.9 percent in March. April prices of rice, a staple food that accounts for about 13 percent of the index, fell 2.6 percent, while corn prices fell 7.5 percent.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	Change
Hong Kong	Hang Seng	13,389.34	13,061.70	+2.51
Singapore	Straits Times	2,028.69	2,016.23	+0.62
Sydney	All Ordinaries	2,492.70	2,497.60	-0.20
Tokyo	Nikkei 225	Closed	19,514.76	
Kuala Lumpur	Composite	1,094.97	1,097.36	-0.22
Bangkok	SET	Closed	660.16	
Seoul	Composite Index	Closed	706.10	
Taipei	Stock Market Index	6,269.43	6,314.57	-0.72
Manila	PSE	2,736.42	2,606.65	+5.02
Jakarta	Composite Index	662.79	647.69	+2.33
Wellington	NZSE-40	2,276.61	2,277.53	-0.04
Bombay	Sensitive Index	3,756.78	3,801.71	-1.18

Source: Telekurs International Herald Tribune

Very briefly:

- **Tye Soon Ltd.**, which distributes automotive parts and consumer goods including foods and beverages, expects to raise 18.7 million Singapore dollars ($12.9 million) through a sale of 59.8 million shares in an initial public offering.
- **Malaysia** simplified immigration rules to try to attract more skilled workers. Authorities and agencies responsible for certain sectors of the economy were given responsibility last week for approving work permits in hope of speeding the process.
- **Berjaya Group Bhd.** was offered 1.20 billion ringgit ($478.5 million) for its 80 percent stake in **Berjaya Singer Bhd.** It did not identify the potential buyer of the company but said was not one of the current owners.
- **Cycle & Carriage Bintang Bhd.** said growth in passenger car sales by the Malaysian distributor this year might match the 15 percent increase posted for 1996.
- **Beijing North Star Co.** asked one of its minority owners, **New World Development Co.** of Hong Kong, to help the property company increase its efficiency and profitability.
- **Mondragon International Philippines Inc.** resolved a dispute with a government agency over its casino license, clearing the way for the company to acquire more gaming licenses in the Philippines. *Reuters, Bloomberg*

Packer Drops Bid for Control of Sydney Harbour Casino

Bloomberg News

SYDNEY — Shares in Publishing & Broadcasting Ltd. fell 3.7 percent Monday after the entertainment company said it had dropped plans to buy control of Sydney Harbour Casino Holdings Ltd.

Stock in the media conglomerate controlled by Kerry Packer fell 25 cents a share to close at 6.45 Australian dollars ($5.08).

"People thought Packer buying the casino was good news; now they are a bit concerned," said Rob Currie, investment director at Jardine Fleming Australia Investment Management.

Publishing & Broadcasting Ltd. said over the weekend it had abandoned the bid because of difficulties in dealing with state regulators.

The company planned to buy the management contract and a 10 percent stake in the casino from Showboat Inc. for 342 million dollars.

Sydney Harbour Casino would have been Mr. Packer's third business, alongside his Nine Network Ltd. television network and Australian Consolidated Press, a magazine publisher.

Although the casino is losing money because of start-up costs, it will soon be profitable, said Jenny Owen, an analyst at MacQuarie Equities. Sydney Harbour Casino's shares closed at 2.16, unchanged.

Mr. Packer said regulators had refused to grant Publishing & Broadcasting Ltd. access to Showboat's documents on the management agreement.

But although Mr. Packer has canceled plans to acquire the casino, investors say he may bid for John Fairfax Holdings Ltd. if the government changes laws that limit media ownership.

Mr. Packer currently cannot take over the newspaper publisher because he owns the broadcaster Nine Network. Laws prevent one company from controlling a television station and a newspaper in the same market.

Fairfax's shares closed at 3.25, up 2 cents.

Gold Mine in Indonesia Is Idled

Agence France-Presse

JAKARTA — An Indonesian subsidiary of U.S.-based Newmont Mining Corp. said Monday it had suspended operations at a gold mine on the Indonesian island of Sumbawa pending the issuance of a government permit.

Sources said Indonesia wanted a bigger share in the venture. Erik Hamer, president-director of the subsidiary, Newmont Nusa Tenggara, said the mine had been idled for a week. He said Newmont had been waiting six months for the permit.

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GO: 0,5229 FOD*: 0,3475

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ZONE I - G :
GO: 1,05
ZONE II - I :
GO: 1,03 SCSP: 1,41
ZONE III - F :
GO: 1,08 SCSP: 1,41
ZONE IV - F :
SCSP: 1,40
ZONE IV - G :
GO: 1,04 FOD: 0,61

BELGIQUE en FBI - TVA 21%
GO: 22,07 FOD: 10,48
SC97: 33,22 SCSP: 31,24

HOLLANDE (zone2) NLG# - TVA 17,5%
AU 05/05/97
GO: 1,248 FOD: 0,795
SC97: 1,787 SCSP: 1,745

LUXEMBOURG en LUFI - TVA 15%
GO: 22,00

ESPAGNE (zone A) en PTAS# - TVA 16%
GO: 84,89
SC97: 101,55 SCSP: 102,41

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REPUBLIC OF CROATIA

Capital Markets Development Project

BRIEF DESCRIPTION OF GOODS
Loan No. 3999-HR.

1. This invitation for bids follows the general procurement notice for this project that appeared in Development Business Forum of September 19, 1995.

2. The Ministry of Finance has received a loan from the International Bank for Reconstruction and Development toward the cost of the Capital Markets Development Project, and it intends to apply part of the proceeds of this loan to payments under the contract for Goods.

3. The Sredisnja Depozitarna Agencija (SDA) now invites sealed technical bids from eligible bidders for the supply, installation and support of automated securities registries, depository, clearing and settlement systems. Critical qualification criteria for prospective suppliers include demonstrated experience in at least two instances during the past four years of successfully implementing, on a turn key basis, (i.e. hardware, software, installation, customization and support services) automated securities registries and depository systems, using WAN and mid-range, multi-server technologies. The prospective supplier must also demonstrate operating profits in one of the last two or two of the last four years.

4. Bidding will be conducted through the international competitive bidding procedures specified in the World Bank's Guidelines: Procurement under IBRD Loans and IDA Credits, and is open to all bidders from eligible source countries as defined in the guidelines. A two stage bidding procedure will be followed. The first stage bid will consist of:

- a technical bid only, without any reference to prices,
- any alternative solution a Bidder wishes to offer and technical justification thereof, provided that such alternative solution do not change the basic objective of the project.

5. Interested eligible bidders may obtain further information from the SDA and inspect the bidding documents at the address given below:

Sredisnja Depozitarna Agencija
Ms. Vesna Zivkovic, General Manager
Ulica grada Vukovara 70
10000 Zagreb
Croatia
Tel: 385-1-6127-076
Fax: 385-1-6127-384

6. A complete set of bidding documents may be purchased by interested bidders by May 19, 1997, on the submission of a written application to the above address upon payment of a nonrefundable fee of Kn 900 or US$ 150. Bidders wishing to purchase the Bidding Documents are kindly requested to remit the appropriate amount to the appropriate account number below, and to present the relevant receipt when calling for or requesting the documents. The document will be sent by courier.

For suppliers from within Croatia, please submit Kn 900 the following Account: ZAP Zagreb 30101-601-641416

For suppliers from outside Croatia, please submit US$ 150 to the following Account: HPB-SDA d.d. 30101-620-336 7001-3777928

7. The first stage bids must be delivered to the above address at or before 2 p.m. on June 23, 1997. Late bids will be rejected. Bids will be opened in the presence of the bidders' representative who choose to attend at the above address, at 2:15 p.m., on June 23, 1997.

8. Following evaluation of the first stage bids, the Purchaser may choose to amend the Bidding Documents. However, only qualified Bidders submitting a complete and technically acceptable first stage bid will be invited to submit a second stage bid.

9. Second stage bids will consist of (a) updated technical bids incorporation all changes required by the Purchaser necessary to reflect any amendment (s) to the Bidding Documents or revisions to the technical specifications issued subsequent to submission of first stage bids, and (b) the commercial bids containing complete Price Schedules.

10. Second stage bids must be delivered to the above office at the date and time to be announced when the second stage bids are invited and will be opened in public immediately thereafter in the presence of the representative of Bidders who have been invited to submit second stage bids and who choose to attend.

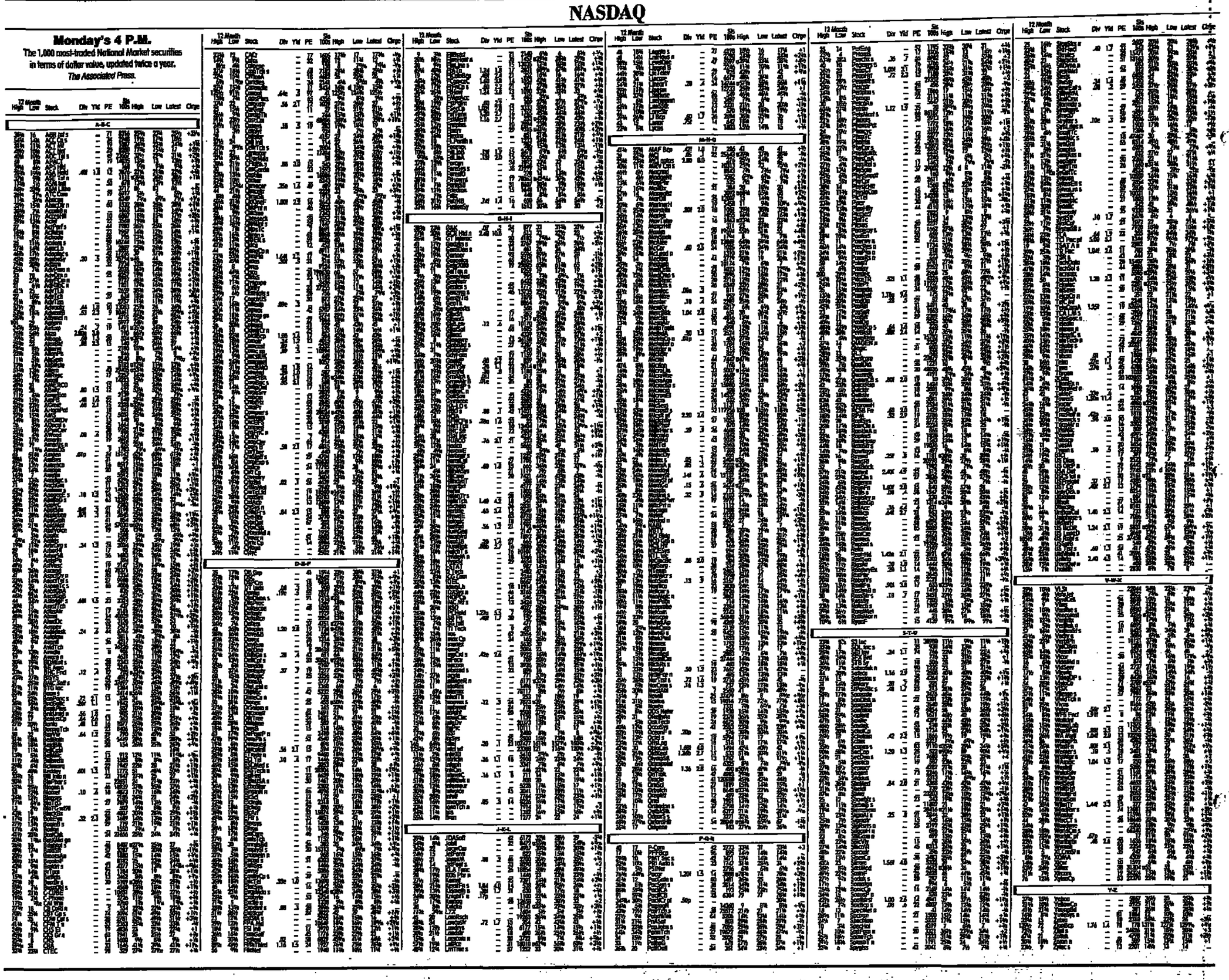
11. All second stage bids must be accompanied by a bid security of KN 180,000 or US$30,000 in the form of (a) a cashier or certified check, or (b) a bank guarantee or irrevocable Letter of Credit issued of Credit issued by a reputable selected by the Bidder.

Continued on Page 10

NASDAQ

Monday's 4 P.M.

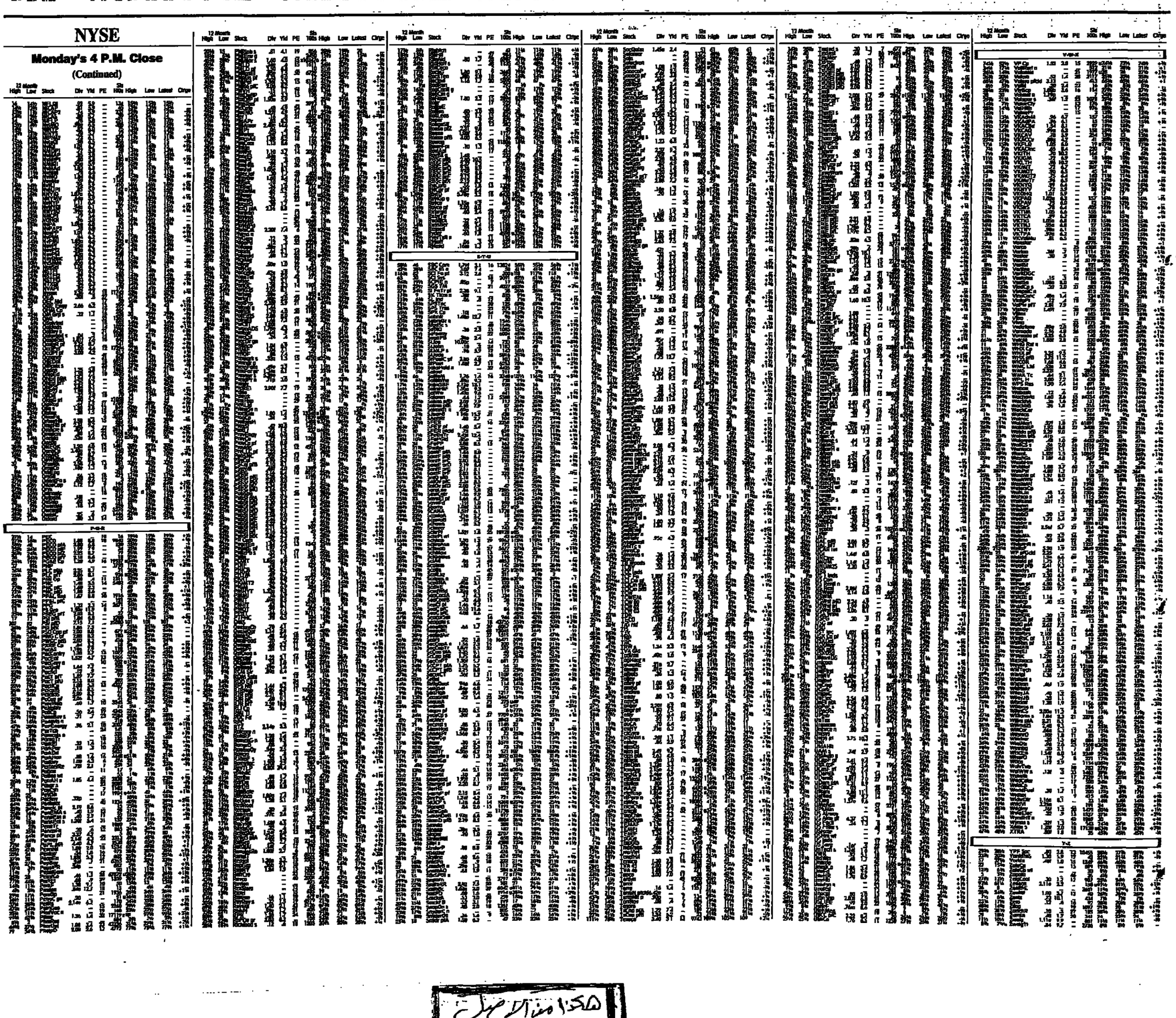
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.



NYSE

Monday's 4 P.M. Close

(Continued)



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d Latin America Eq Fd $ 62.92
d North America Eq Fd $ 90.81
d Asian Tigers Eq Fd $ 62.96
d Europe Equity Fd $ 84.02
d Japan Equity Fd $ 46.30
d Germany Equity Fd DM 174.87
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d Europe Bond Fd $ 63.31
d US Bond Fund $ 59.91
d Germany Bond Fd B DM 112.43
d Spain Bond Fund Ptas 10584.00
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999 Other Funds

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AS - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Marks; Dkk - Danish Kroner; Do - US Dollars; ECU - European Currency Unit; FF - French Francs; FM - Finnish Mark; FL - Dutch Florin; IDR - Indonesian Rupiah; Lit - Italian lira; LF - Luxembourg Francs; p-pence; MYR - Malaysian Ringgit; Ptas - Pesetas; SGS - Singapore Dollars; SF - Swiss Francs; Sek - Swedish Kroner; THB - Thai Baht; Y - Yen;

a - asked + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - stock Split; * - Ex-Dividend; ** - Ex-Rts; - @ Offer Price incl. 3% prelim. charge; - Paris exchange; ++ - Amsterdam exchange; a - misquoted earlier; x-not registered with regulatory authority. P: Middle of bid and offered price. E: estimated price; y: price calculated 2 days prior to publication; z: bid price.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) - fortnightly; (r) - regularly; (t) - twice weekly; (m) - monthly.

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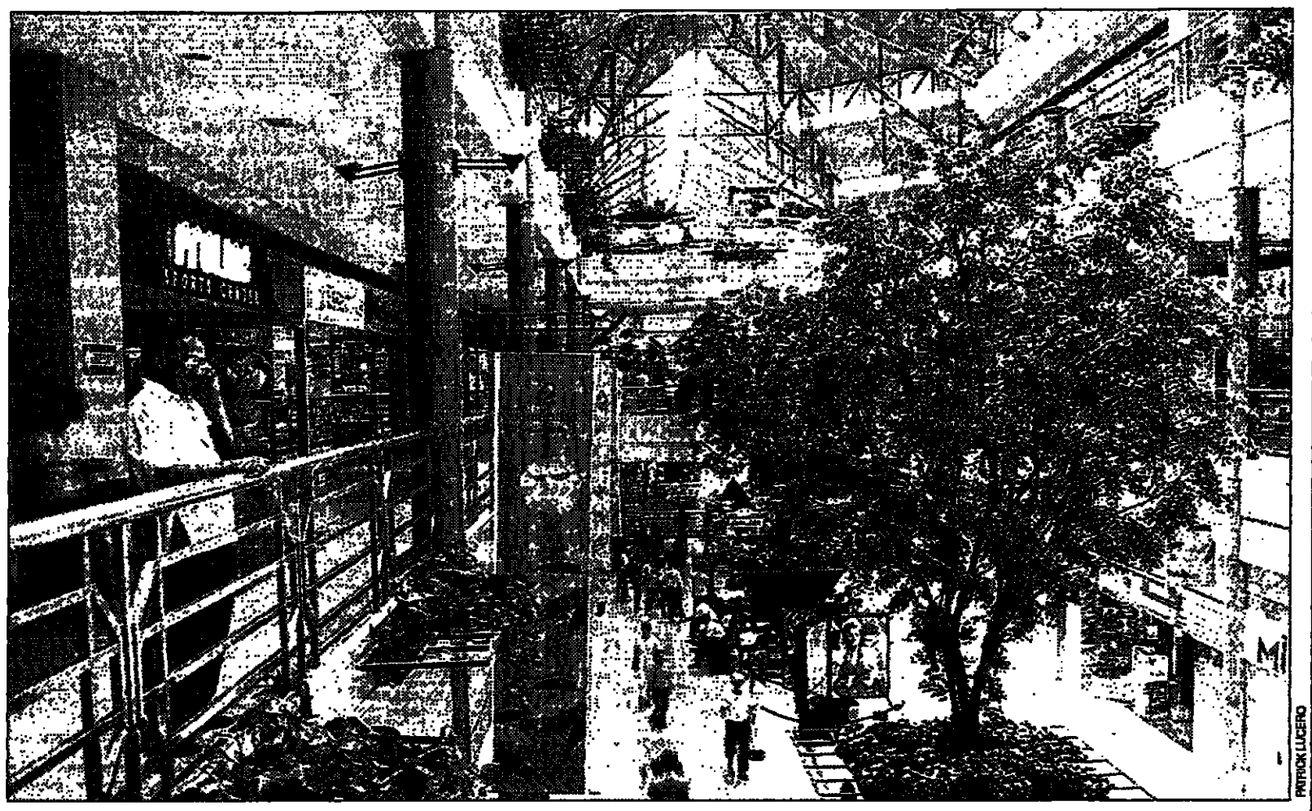
BUILT FOR BUSINESS: PHILIPPINES

The Philippines is marking its fourth consecutive year of economic expansion, registering 6.8 percent growth in gross national product in 1996. Business confidence is growing. After 10 years of an ongoing privatization program, the country has raised $6.6 billion, and 80 percent of the economy is now in the private sector. Trade and investment laws are among the most liberal in the region.

Signs of an increasingly prosperous Philippines: At right, a mall in Manila; below right, the Paseo de Roxas in the Makati financial district.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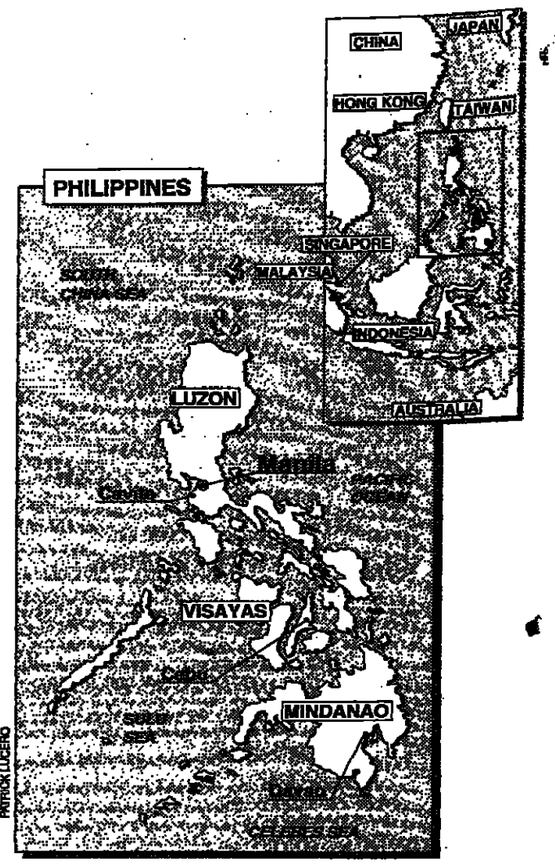


PHILIPPINES NOW PILOTS SOLO IN TIGER RACE

A February agreement that marks the Philippines "graduation" from IMF supervision was an important vote of confidence.

The Philippine economy grew 6.8 percent last year and is expected to post a 7-7.5 percent rise this year, putting it more firmly on the track of Asia's newly industrializing "tiger" economies.

An important vote of confidence in the Philippines was cast in February, when the Philippines and the International Monetary Fund reached an agreement that ends almost 14 years of IMF supervision over its economy. In the agreement, the fund's negotiators hailed the government's economic management.

The Philippines will no longer have to draw from the fund's emergency financing facility. In fact, the country has drawn only $50 million of the $650 million in emergency credits to which it had access under the current program.

An archipelago slightly larger than the British Isles that sprawls off the Southeast Asian mainland between Taiwan and Indonesia, the Philippines is marking its fourth consecutive year of growth since its remarkable turnaround from a decade of debt and political crisis.

Last year's growth was led by heavy investments in the finance and construction sectors and a rebound in agricultural production. Despite a general downturn in semiconductors and garments, its top-selling items, export earnings grew nearly 18 percent.

Over $40 billion in foreign debt has been rescheduled, debt service is down to 16 percent of export earnings (compared with 35 percent in 1985), and the country is again able to raise funds from international capital markets. Currency reserves are at an all-time high of $12 billion.

Exports and privatization efforts, as well as lower interest rates, have resulted in a budget surplus for this nation of over 72 million people.

The stock market tumbled last week due to concerns about banks' exposure in the property market, which many analysts think may be headed for a bust, but Filipino planners feel confident that the country's economic fundamentals are strong and that the country will weather the current jitters.

Foreign investment

Foreign investment, at $6.8 billion, has increased seven-fold in the past five years. With its newfound strength, strategic location and educated, English-speaking workforce, the Philippines hopes to increase its catch of capital now flowing into Asia.

To this end, the country's Board of Investment, in cooperation with the United Nations Industrial Development Organization and the UN Development Program, is hosting an investment forum on June 2-4 that will bring together Filipino businesses and foreign investors.

PATRICK LUCERO

Ramos, the reformer

Fidel Ramos, a West Point-trained officer and professional engineer, was elected president in 1992 in the country's first free election in two decades.

Mr. Ramos has pushed hard for economic deregulation. The power crisis was solved after a novel Build-Operate-Transfer law allowed private capital in public utility development. Liberalization of 40 years of foreign exchange controls kicked new life into the Philippine stock exchange. Relaxed investment laws allowed the entry of foreign banks.

The country's privatization program has raised 174 billion pesos ($6.6 billion) in revenues over the past 10 years. Among the government corporations privatized are the oil and gas giant Petron, the landmark Manila Hotel, flag-carrier Philippine Airlines and the Manila waterworks system. More privatizations are on the block. The private sector now accounts for 80 percent of the economy.

"The economy now possesses the potential to grow at rates similar to those of its Southeast Asian neighbors," concluded the Asian Development Bank in an April 1997 report.

With its newfound strength, the Philippines hopes to capture more of the capital now flowing into Asia

Government planners also hope to rein in the trade deficit — expected to widen as newly revitalized companies spend on machinery imports — by wooing more investments and boosting agricultural productivity and exports. The country registered a surplus in balance of payments of $3.7 billion due to the inflow of foreign investment and remittances from overseas workers.

"Structural reforms aimed at making the economy more competitive are beginning to bear fruit," says Cielito Habito, secretary of the National Economic and Development Authority. Business confidence is growing. Trade and investment laws are now among the most liberal in the region. Increasing revenues through a comprehensive tax reform program — presently under legislative review — is another major component of sustainable development.

Sustaining the momentum

Mr. Ramos likes to stress that the country's march to "tigerhood" has not come at the expense of democratic processes. "There's no turning back," he assures investors who have aired some concern over the end of his term in 1998. The most important reforms have already passed the country's legislative process. The Philippine Senate has ratified the country's membership in the World Trade Organization.

Much of the optimism about the Philippines is based on quickening momentum in Asia as a whole. Although Western and Japanese investments largely fueled the rise of the so-called newly industrialized economies, the Philippines hopes to benefit from the fact that these economies are fast becoming investors themselves. The region now has its own emerging "dragon" capital market, and the region's expanding middle class provides new consumer markets. The Philippines has been a very active participant in regional free-trade forums, convinced that this time it will "ride the wave" of investment liberalization and new affluence now sweeping the Asia-Pacific region.

Monica Feria

WHO WILL RUN IN '98 ELECTIONS?

Continuity in economic reform is a key concern in the business community.

With the Philippines' next presidential election a year away, potential candidates are positioning themselves for the race for the country's top post.

The candidates seeking to take the place of President Fidel Ramos fall into two main camps: those vying to be "anointed" as his successor and those hoping to lead the fight against the administration's nominee. Several have the power bases they need for the long, hard battle.

For foreign firms with investments in the Philippines and for the local business community, the stakes in the May 1998 election are high. They want to see a president who will continue Mr. Ramos's strong economic leadership, which has led to unprecedented growth over the last three years.

"Will the economic program and reforms continue? That's a key concern for all of us," says Guillermo Luz, executive director of the influential Makati Business Club.

While it is still early in the long hot Philippine campaign season, the business community already has several leading political figures in mind as potential candidates.

Defense Secretary Renato de Villa, who has followed in Mr. Ramos's footsteps since the two were military officers together, topped a recent MBC survey of its members' preferences for presidential candidates in 1998.

REUTERS
Ramos: Who'll get his blessing?

Mr. Luz says the MBC is not endorsing any one candidate but notes that Mr. de Villa, who was named by 52.4 percent of the executives in the survey, is "known to be a very sober and steady individual. He is an action man who gets things done."

Another cabinet secretary vying with Mr. de Villa for the president's "anointment" is Finance Secretary Roberto de Ocampo, who placed third in the MBC survey, with 26.6 percent of respondents listing him as a desirable candidate. "In the case of de Ocampo, you have someone who is a key member of the team that put together the economic policies for success in the 1990s, so he reflects a lot of the thinking behind the economic reforms and so there's continuity there," Mr. Luz says.

Another political leader favored by MBC executives was Senator Gloria Macapagal-Arroyo — the daughter of a former president — who placed second in the survey with 38.7 percent.

Political science professor Alexander Magno of the University of the Philippines says the popular Ms. Macapagal-Arroyo's best chance of getting Mr. Ramos's endorsement is if the other candidates fail to capture the public's imagination: "Then she becomes inevitable."

Other insiders seeking Mr. Ramos's nod include House of Representatives Speaker Jose de Venecia and presidential advisor Emilio Osmena, both powerful men in the ruling political party.

Richard Gordon, who as chairman of the Subic Bay Metropolitan Authority transformed a former United States naval base into a rising economic hub, is also pushing to carry Mr. Ramos's reform torch into the next century.

Heading the list of those who hope to emerge as the leading challenger is Vice President Joseph Estrada, a popular former action-movie hero. Although Mr. Estrada registered poorly in the MBC survey — he was listed by only 3.2 percent of the respondents — he has, along with Ms. Macapagal-Arroyo, continually topped popular opinion polls on the presidential race for the past year.

Mr. Magno notes that, while other candidates have stronger financial backing, "Estrada is trusted, which is a commodity that is very difficult to purchase."

Another strong opposition candidate is Senator Miriam Defensor Santiago, who as the protest candidate in the 1992 presidential election finished second to Mr. Ramos.

Others who hope to challenge the administration candidate include Senator Edgardo Angara, leader of the largest opposition party; Senator Raul Roco, a popular liberal; and Manila Mayor Alfredo Lim, a former policeman with a tough reputation.

Hugh Filman

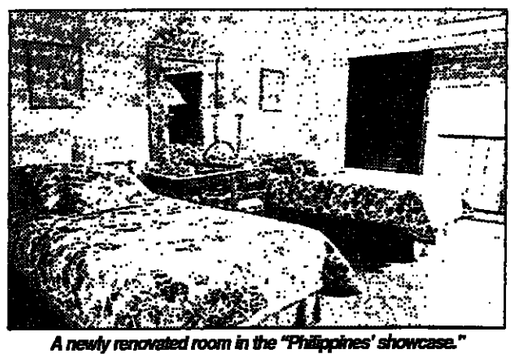
The Manila Hotel: Grande Dame by the Bay

Originally built in 1912, The Manila Hotel is deemed one of the world's finest.

The hotel has been aptly referred to by many as the "showcase of the Philippines" and the "Aristocrat of the Orient."

Its 510 guest rooms and suites command a panoramic view of the magnificent ruins of the old walled city of Intramuros, historic Rizal Park and Manila Bay. An executive floor, the MacArthur Club, provides business travelers with express check-in and check-out, conference room, Club Concierge, free Continental breakfast and other first-class amenities.

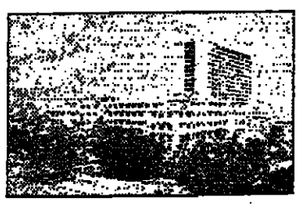
Eight distinct specialty restaurants offer a varied choice of atmosphere and menus for dining. The hotel's sports and health complex features tennis and squash courts, swimming pool, sauna, gym facilities and a complete indoor golf clinic. There is also a well-equipped executive services center that provides a wide range of services for business people.


A newly renovated room in the "Philippines' showcase."

A famous setting for meetings, parties, receptions and conventions, the hotel's grand Fiesta Pavilion can accommodate up to 1,800 people. Eight additional function rooms perfectly meet requirements for seminars, cocktails and intimate luncheons and dinners. The spacious Gallery is an ideal venue for art, trade and convention exhibits.

Through the years, The Manila Hotel has maintained its exceptionally high standards and has proven its worth not only by ranking as one of the world's best but also by leaving a distinct mark in history.

A 50 percent Summer Saver Discount is offered from May 1 to Sept. 30, 1997 (except MacArthur Club rooms).



FOR INFORMATION AND RESERVATIONS, PLEASE CONTACT:
The Manila Hotel
1 Rizal Park, 1099 Manila, Philippines
Tel.: 632 527 0011; fax: 632 527 0022 to 24
Toll-free number for the United States and Canada: 1 800 9 MNL HTL (1 800 966 5485)

FACT FILE

GNP GROWTH: 6.8 percent

GDP GROWTH: 5.5 percent

EXPORTS (MERCHANDISE): $20.2 billion (17.6 percent growth)

IMPORTS (MERCHANDISE): $38.1 billion (37.3 percent growth)

INFLATION: 8.5 percent

All figures refer to 1996

Source: National Statistical Coordination Board

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BUILT FOR BUSINESS: PHILIPPINES

CLARK PLAN MIXES WORK AND PLAY

The former U.S. air base is being developed as an aviation complex and industrial and resort center.

Clark Air Base, buried under six feet of volcanic ash when Mount Pinatubo erupted in 1991, is now green and busy again. Planners say that it will be developed into a major civil aviation complex and gambling and entertainment center that will rival Macao as a sort of Las Vegas of the East.

The base that the United States abandoned has been transformed into a Special Economic Zone, currently housing the country's most modern casino, shipped in its entirety from Las Vegas, among other facilities. To feed what authorities hope is going to be a major industrial-entertainment complex and to compete for regional air traffic, the airport is due for a dramatic expansion in less than 10 years.

Airport

The plan calls for about half of the zone's 4,400 hectares (10,900 acres) to be developed for the Category One airport. The classification means the airport can be used day and night, and in all kinds of weather conditions. Its twin runways and maintenance outlets will be expanded to accommodate an estimated 15-20 million passengers annually by 2005. Its land size is about three times that of the Ninoy Aquino International Airport in Manila, which currently has the capacity to service 4.6 million passengers per year.

"We are trying to complement each other, but our master plan is to make Clark the premier airport someday," says retired General Tereso Isleta, chief of operations of the Clark International Airport Corp.

For the first of three phases of the expansion project, about 900 million pesos ($34 million) have been spent on the interim terminal, communication systems, weather equipment and navigational guides. The airport has been operating since last year on chartered and cargo flights run by freighters including companies like the U.S. express-delivery firm DHL.

Negotiations are under way with Malaysian groups to build maintenance and industrial facilities to support the complex.

Links to Manila

The transformation of Clark also hinges on transportation access from Manila. Private consortiums have begun initial surveys for construction of an expressway and rehabilitation of an old railway system that would link the capital and Clark, located in Pampanga province north of Manila. Authorities in Manila said this might take longer than expected, and some say the Manila airport, which is about to begin constructing a third terminal soon, remains a better location.

"It is a dream. I'm sometimes overwhelmed by it," Mr. Isleta says, adding that commercial airlines "seem indifferent for now" in scheduling flights to Clark.

Industrial center

The industrial center, managed by the government-owned Clark Development Corp. (the aviation complex is managed by the airport corporation), has about 160 lease agreements signed with investors, among them the Taiwanese appliance company Sampo Technology, and Japan's Yokohama Tire Co. and Kita Corp., which manufactures Aiwa television sets.

The biggest attractions are the Mimosa resort and golf course and a $12 million casino, owned by the local Mondragon Group and run by Hyatt. An estimated 28,000 jobs have been created altogether, more than the 20,000 provided by the former U.S. Air Force base, according to Mr. Isleta. Last year's profits reached about 80 million pesos.

A lavish Centennial Park will be opened by the end of this year, featuring laser shows and miniature islands depicting the history of the Philippines, which will celebrate its 100th anniversary in June 1998. Developers expect as many as 30,000 visitors each day, and they plan to turn Centennial Park into an amusement park once the centennial celebration is over.

C.Y.

PATRICK LUCERO

PATRICK LUCERO

Top: A worker in a TV-assembly plant in the Clark industrial zone. Above: Clark International Airport.

WATER, WATER EVERYWHERE AND NOW A DROP TO DRINK

Two groups intend to overhaul the capital's water and sewerage system.

After years of water shortages, disease outbreaks due to contaminated drinking supplies and an almost total lack of sewage-treatment facilities, there may finally be relief for Greater Manila's 10 million residents.

Two Philippine corporations and their foreign partners are laying out ambitious plans to rescue the capital's crumbling water and sewerage system after winning the massive privatization of the utility's operations in January. A group that includes the local Ayala Corp., the United States' Bechtel Corp. and Britain's United Utilities was awarded a 25-year water-service concession for eastern Manila, while a partnership of the Philippines' Benpres Holdings Corp. and France's Lyonnaise des Eaux won the right to serve the city's western district.

$7.5 billion upgrade

The transfer of water-service rights for Manila from the government's Metropolitan Waterworks and Sewerage System into private hands was one of the biggest transactions of its kind in the world.

The task being tackled is massive as well, with at least $7.5 billion in investment needed to provide the Philippines' capital region with water service over the next 25 years. Due to the system's poor condition and a lack of facilities, only 66 percent of the customers it is supposed to serve currently get water, and only half of them receive service for 24 hours, MWSS officials say.

Both concessionaires say the key task in improving the dilapidated service is to reduce water losses through an enormous upgrading and repair program for the aging network's pipes, connections, meters and other underpinnings.

"The formidable problem is the fact that today a very high percentage of the water that is actually produced is not distributed to the end customers," says Martin Negre, Asia Pacific president for Lyonnaise des Eaux.

The MWSS says the water system loses about 60 percent of its production to leaks, illegal connections and defective meters, resulting in a daily supply shortfall of some 800 million liters (211 million gallons). To recover the lost water, the two groups have to repair or replace some 12,000 kilometers (7,500 miles) of rusted pipes and hundreds of thousands of faulty meters, as well as locate and disconnect illegal taps in the system.

According to Mr. Negre, Lyonnaise and Benpres have estimated that the first five years of the western operation will require an initial investment of between 12.5 billion pesos ($474 million) and 20 billion pesos.

Antonino Aquino, president of Ayala Property Management Corp., says the eastern group expects meter replacements alone to cost from 200 million to 300 million pesos annually over the next three years.

Once the problem of water loss is solved, Mr. Aquino says, the next task will be to extend the existing service to people still relying on wells, pumps, rainfall and black market sales for their daily supply.

With only 11 percent of homes currently connected to the sewerage system, the two concessionaires say the next priority will be to build a modern wastewater collection and treatment system that will allow recycling.

"Right now, you don't have a major sewer system in place, and that is not good for the environment," Mr. Aquino says.

Both groups hope that by establishing an efficient sewerage system, they can bolster the existing supply of clean water in Manila while tapping new sources, so they can meet the city's growing needs as its population expands over the next 25 years.

Girlie Linao & H.F.

PATRICK LUCERO

A wastewater treatment plant.

PRIVATIZATION LAWS ARE UNDER REVIEW

The government intends to increase pre-transaction consultations so the ground rules will be clear.

The Philippines' government is reviewing rules regulating the privatization process following reversals of two big contracts this year and criticism from the international business community that authorities have failed to recognize the sanctity of contracts.

The criticism began in January when President Fidel Ramos ordered the rebidding of a contract to develop a port at Subic Bay, a former U.S. naval base, after it had been awarded to a joint venture between Hong Kong's Hutchison Whampoa Ltd. and Guoco Holdings Philippines Inc.

In March, the Supreme Court reversed the 1995 sale of a 51 percent stake in the historic Manila Hotel to Malaysia's Renong Berhad and ITT Sheraton. The court instead awarded ownership to Manila Prince Hotel Corp., a Philippine company that matched the winning bid later. The court cited a "national patrimony" clause in the nation's constitution that the court claimed gave preference to local groups in the privatization of state assets.

Cielito Habito, secretary of the National Economic and Development Authority, says the Supreme Court's ruling "increased obstacles" to a key component of the country's economic reform program "by severely limiting the market to which we are offering the assets or companies to be privatized."

After the government lost an appeal of the decision to reverse the award, the Committee on Privatization said the Manila Hotel contract was an "exceptional case" and that it would not affect the sale of other big ticket items in 1997.

"Investors look at the Philippines in general," says Crisanta Legaspi, the committee's executive director. "So, as a result there are still a lot of investors that have expressed interest in many of our projects."

Mr. Habito says the government will make sure the ground rules for future privatizations are clear to all participants beforehand in order to prevent challenges later.

"Short of any changes in the law, the main thing available to us at this point is really to increase consultations that will be precedent to these privatization transactions," Mr. Habito says.

Mr. Habito also notes that the government's joint executive-legislative committee is reviewing privatization laws to see what changes may be necessary.

Mr. Ramos appears determined to prevent reversals in future deals and has called for amendments to certain provisions in the Philippine constitution that he says promote protectionism and could hamper the country's economic reform program.

Mr. Habito says the executive-legislative committee is looking at proposals for making the necessary constitutional amendments.

Mr. Ramos has been vague on what specific changes in the constitution he is seeking. He could be seeking to amend or strike the national patrimony clause or constitutional prohibitions on foreign ownership.

Opposition politicians and activists, however, have slammed attempts to amend the 10-year-old constitution as schemes aimed at keeping Mr. Ramos in power after his mandated single six-year term expires in June 1998. Opposition leaders claim that any move to amend the charter for economic reasons would open the way for amendments that could allow the president to seek a second term in 1998.

The privatization program has generated at least 174 billion pesos ($6.6 billion) in revenues over the past 10 years. In 1996 alone, Manila earned 6 billion pesos ($228 million) from the sale of state assets.

G.L. & H.F.

MANILA SEEKS TITLE AS SOUTHEAST ASIA'S CONVENTION CITY

Manila is renewing its bid to become the premier convention city in Southeast Asia. The hosting last year of the Asia Pacific Economic Cooperation forum was the signal to refurbish almost all of Manila's major convention sites and upgrade business facilities in surrounding hotels.

State-of-the-art audiovisual, telecommunications and simultaneous language interpretation systems were added to the Philippine International Convention Center, a massive stone-and-glass structure. Posh PICC, with its 4,000-seat plenary hall and numerous meeting rooms, was Asia's first modern convention facility when it opened in 1976.

Along Manila Bay

The convention center sits in the middle of a 1,700-acre (690-hectare) complex on reclaimed land along Manila Bay. The complex includes a five-star hotel, the Westin Philippine Plaza; the Cultural Center of the Philippines, home of the country's dance and theater arts; and the so-called Coconut Palace, an exquisite showcase of modern interior design using native crafts and materials. The latest addition is a spanking new World Trade Center, which offers more exhibition halls and seminar rooms.

Along the bay-side boulevard leading to the convention center are many luxury hotels, among them the historic Manila Hotel, which can accommodate up to 1,800 people in its ballroom. The hotel renovated its entire 15th floor to turn it into a "businessman's retreat."

Financial district

Manila's 22 deluxe and first class hotels, a number of them located in the financial district of Makati, comprise the backbone of the city's famed entertainment circuit, with its music venues, restaurants and casinos.

The Philippines rushed the construction of 21 new villas last year in the new Subic Bay industrial and free-port zone, 80 kilometers northwest of Manila, for the APEC leaders summit. Subic Bay, once a U.S. military base, now boasts several luxury hotels, a golf course, a yacht club and marina, and its own world-class airport and harbor facilities.

International meetings

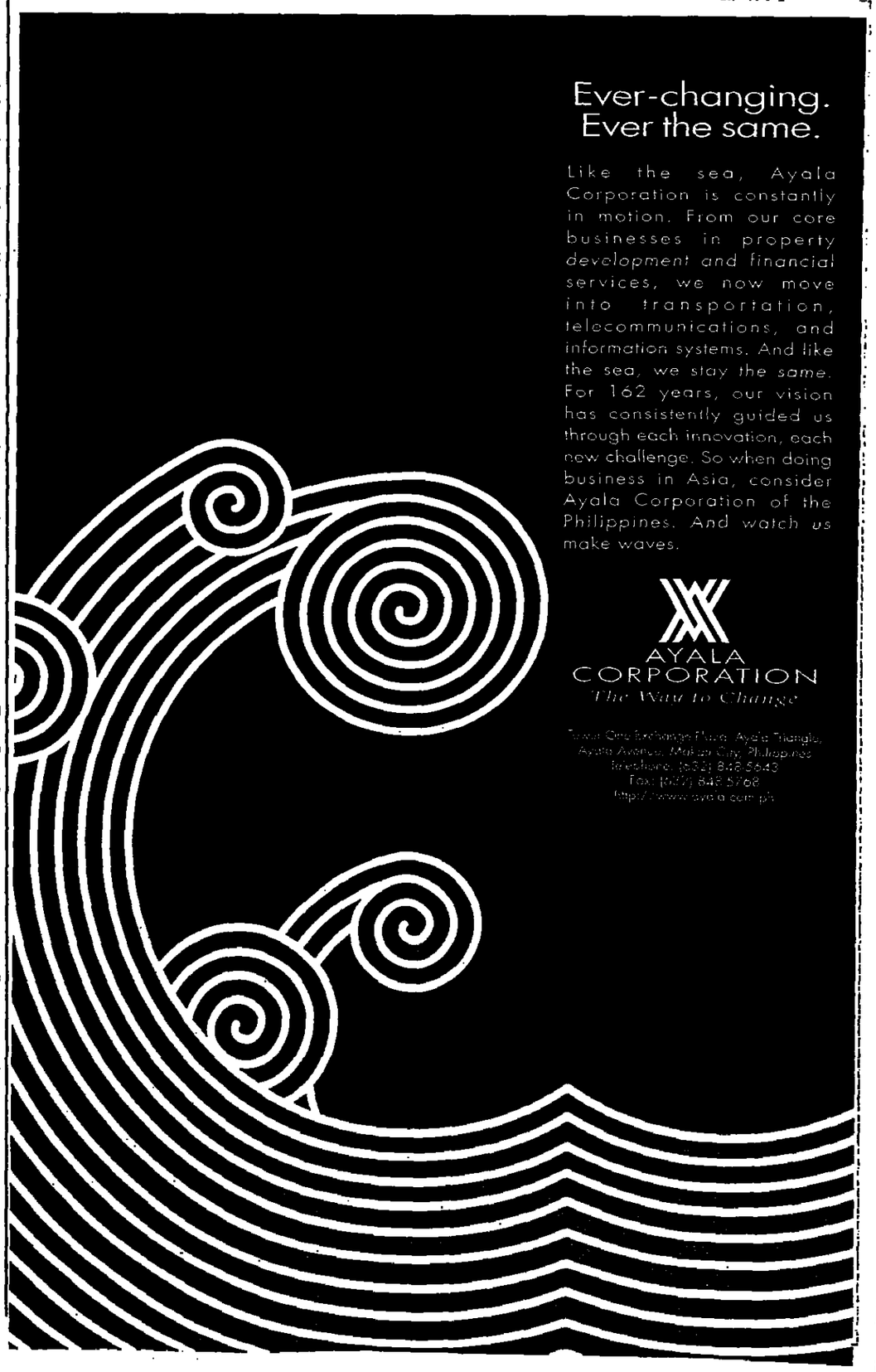
The aggressive new chief of the country's Department of Tourism, Mina Gabor, had planned the "Convention City Manila" campaign in 1995. That year, the Philippines hosted a total of 17,737 international and national events involving 902,041 delegates. The tourism secretary expects to reap an initial 10 percent to 15 percent increase in foreign convention activities in 1997-98.

Ms. Gabor has lent her department's muscle and expertise to local associations bidding to host international gatherings. In the next two years, Manila will host such gatherings as the World Congress on Higher Education, the World Media Summit, the Mayors of the World Congress, important meetings of the World Tourism Organization and the 36th Congress of the International Hotel Association.

Next year, there will be festivals and expositions marking the 100th year of Philippine independence from Spain.

The convention campaign, together with more investment incentives for hotel and resort developers, is part of a 20-year tourism master plan whose aim is to make this predominantly English-speaking archipelago a major tourist and business destination.

M.F.



SPONSORED SECTION

Philippine Airlines RISING TO BE ASIA'S BEST

Philippine Airlines (PAL) is pursuing an ambitious $4 billion re-fleeting and modernization program that will give it the distinction of having the youngest fleet of sophisticated aircraft in all of Asia by 1998.

The program involves the acquisition of 36 new state-of-the-art aircraft and the phasing out of old members of its 54-strong fleet. Estimated to cost some $3.2 billion, the re-fleeting includes 28 Airbus planes from Airbus Industrie of France and eight Boeing B747 (Series 400) aircraft, which will be equipped with in-seat video screens, satellite telephones and a business center with fax facilities.

In-flight amenities will also include 180-degree reclining First Class seats with built-in channel selectors for music, movies, TV and videos. PAL also has an option to buy 12 more airplanes from the two manufacturers by the turn of the century.

Computer upgrading, the retraining of pilots and the improvement of ticketing and flight-scheduling systems are also under way. This massive overhaul in such a short span of time is considered an industry milestone. Now in its 56th year of service, PAL aims to win back the leadership it once had as "Asia's first airline."

PAL's revitalization was kicked off by the Philippine government's move to begin privatizing its flag carrier in the late 1980s. The government withdrew its participation in the ailing airline gradually. In fact, it remained the controlling block until late last year, when the company's capital structure was increased from 5 billion pesos to 10 billion pesos ($190 million-$380 million). By waiving its preemptive rights on the new shares, the government allowed a shift in equity distribution.

After a heated ownership struggle among members of Manila's elite business community, PR Holdings, a group controlled by Filipino tycoon Lucio Tan, emerged with 55 percent ownership. PAL is now a private corporation, and all systems are go.

Increased capital stock

Early this year, the airline again increased its capital stock, from 10 billion pesos to 20 billion pesos, setting the stage for a major relaunch.

The new management has also settled a labor dispute with the airline unions. The settlement includes an Employee Stock Option Plan offering 95 million unsubscribed shares (valued at about 477 million pesos) to its employees. Employees poured in over 23 million pesos by the end of the subscription period.

Fleet upgrade

The re-fleeting program, which began in 1996, is now proceeding in earnest. Boeing recently delivered a new Boeing 747-400, the airline's fourth, and it was immediately commissioned for transpacific flights. A new Airbus was pressed into European service just last March. Sixteen new aircraft are expected this year.

The high level of similarity in cockpit instruments and engine design among various Airbus models will make it easier for the airline to train personnel. This "one-family" advantage will also help PAL save money on spare parts holding and maintenance.

PAL hopes to see delivery of one new plane a month starting in June, and to receive three in November. Between 1998 and 1999, PAL will receive seven more ultra-long Boeing 747-400s.

Jose Antonio Garcia, PAL's president, says the airline is also talking to British, Canadian and Brazilian groups about replacing PAL's smaller fleet of 737s and Fokker-50s in order to upgrade domestic lines.

PAL is also setting aside 1.5 billion pesos for an integrated training facility. The facility will retrain not only pilots for the upgraded aircraft but also cabin, ground, maintenance, engineering and catering-service personnel. PAL is replacing aged mainframe computers in a new Data Center, renovating ticket offices and refurbishing airport lounges.

With the ownership and labor issues settled, PAL has improved its credit standing. When it sent out invitations to various international groups early this year for the financing of 13 new Airbuses, it received 11 offers amounting to more than $5 billion.

A wider global network

Philippines Airlines' modernization blitz will allow the airline to expand its international route network, including new points in Canada, the U.S. East Coast, China, Indochina, Israel, Kuwait, Oman, Jordan, India, South Africa, Eastern and Southern Europe, and Scandinavia, as well as cities like Beijing, Chicago, New York, Rome, Amsterdam, Barcelona and Zurich. Newly inaugurated runs are Manila-Vancouver-New York and Manila-Seoul-Los Angeles. Negotiations are under way to establish a Manila-Shanghai flight.

At present, PAL flies to 32 points in 20 countries, including Honolulu, Los Angeles, San Francisco, New York and Vancouver in North America; Brisbane, Melbourne and Sydney in Australia; and Frankfurt, London and Paris in Europe.

In the Middle East, where PAL ferries thousands of Filipino overseas workers, the airline lands in Dhahrari, Dubai, Jeddah and Riyadh.

In its home region, Asia, it flies to 19 points, among them Bandar Seri Begawan, Bangkok, Fukuoka, Ho Chi Minh City, Hong Kong, Jakarta, Kaohsiung, Kota Kinabalu, Kuala Lumpur, Labuan, Manado, Osaka, Port Moresby, Pusan, Seoul, Singapore, Taipei, Tokyo and Xiamen.

In the Philippines, PAL operates flights to 37 domestic points, linking the archipelago's 7,100 islands, which straddle the South China Sea and the Pacific Ocean off mainland Southeast Asia.

Throughout its domestic network, PAL averages 160 departures daily, ferrying over 11,000 passengers and 180 tons of cargo. It employs 13,460 people, among them 599 pilots.

PAL runs catering services and ground handling services for most of the 29 international airlines presently calling at Manila. It does maintenance contract work for the Philippine Air Force and flight training for other airlines. PAL also runs its own aviation school.

A smile for every mile

Improving customer service is another main feature of PAL's modernization program.

Recently, PAL launched PALsmiles, a new mileage program that will allow its international passengers to accumulate more frequent-flier points and enjoy more convenient services.

First-class passengers earn the equivalent of 150 percent of actual miles flown; business class passengers earn 125 percent of actual miles flown. Full-fare economy points are figured at 100 percent of miles flown, and promotional-economy miles are tallied at 50 percent. Passengers can start redeeming awards after reaching 25,000 flown miles. (This is lower than many other frequent-flier programs; many set minimum mileage at 30,000 miles). Another advantage not found in many frequent-flyer programs is that PALsmiles awards — such as free flight tickets, hotel accommodations and upgrades — can be given away to relatives, friends or associates. The PALsmiles member is also free to choose whatever destination his accumulated mileage rewards can cover.

Philippine Airlines is now a private corporation with a new vision and battlecry: "Asia's first, Asia's best"

Jose Antonio Garcia, PAL's president, boasts that PALsmiles is "likely to be the most generous frequent-flier program in the industry." It is part of the airline's renewed campaign to conquer fresh markets worldwide. "We will soon be in a position to compete. We will have not only new aircraft and more direct flights, but also excellent cabin service and outstanding passenger comfort," he adds.

New hope, new challenges

Philippines Airlines is out to recover what it believes is its rightful position as the premier Asian airline.

The airline began operations in 1941 with one Beech Model 18. Although its two initial planes were destroyed during World War II, it was back in the air with five twin-engine Douglas DC-3s in 1946.

In July of the same year, PAL became the first Asian airline to cross the Pacific. Regular service between Manila and San Francisco started on December 3, 1946, and on May 13, 1947, PAL opened a route to Europe. Turbulence in business and the Philippine economy as a whole eventually caused PAL to lag behind its more prosperous rivals in Asia. Now the company has a new vision and battle cry: "Asia's first, Asia's best."

The upturn in the Philippine economy, spurred largely by the restoration of political stability and the institution of a more liberal and open trading and investment regime, spells increased business prospects for PAL. Economic growth rates in Asian countries are among the highest in the world. Business travel and tourism have been increasing at a fast clip.

Last year, the largest growth in air passenger traffic was recorded in the Asia-Pacific region, where 377 million people passed through airports. By 2010, Asia is expected to account for half of the world's air traffic.

The trend toward increasing deregulation, however, means that PAL will have to struggle on its own home ground with increased competition both from new domestic airlines and, due to liberalized airline landing rights, international airlines.

"It may be a blessing," says the new PAL chairman, Lucio Tan: "It forces us to continually review what we do and to speed up our development process."

The turnaround has just begun. After 56 years, and with new leadership and vision, the airline now has a real chance to grow with its neighbors in Asia and move with the rest of the world.

Today, A new Sun Rises.

PHILIPPINE AIRLINES RISES ANEW ON IT'S 56TH YEAR
STARTING OFF WITH THE ACQUISITION OF 4 A340'S, 5 A330'S AND 4 A320'S FOR
THIS YEAR ALONE THAT WILL TURN ASIA'S FIRST TO ASIA'S YOUNGEST FLEET,
ALLOWING US TO SPREAD OUR WARMTH TO MORE PEOPLE, MORE CITIES
AND MORE COUNTRIES, WITH MORE DIRECT AND NON-STOP FLIGHTS.
ON 70 DESTINATIONS, LOCAL AND INTERNATIONAL. IN THE AIR AND
ON THE GROUND. WE WILL TRULY SHINE

THIS IS OUR PROMISE. OUR GOAL. OUR COMMITMENT. TO YOU.
AND TO THE WORLD.

Philippine Airlines AIRBUS INDUSTRIE

BUILT FOR BUSINESS: PHILIPPINES

REINVENTING METRO MANILA

Managing the capital's rapid growth is a tough job.

Close to 10 million people live in sprawling Metro Manila, qualifying it for a select list of the world's megacities. Coping with the problems that accompany the label is a tough job — notwithstanding and in some cases even because of newfound economic growth.

More cars

That growth has put more cars on the capital's streets than ever before, for example. Automobile retailers reported sales growth of over 20 percent for most of last year; this year, growth has slowed somewhat but remains sturdy.

A population double what it was in 1990 struggles to commute each day through masses of vehicles and air heavy with pollution. About half a million people in some 200,000 vehicles travel to work every day in Makati, the city's business district, from other parts of the capital.

Across the city, the surge in vehicle ownership and use has increased the contribution of auto emissions to air pollution from 60 percent in 1979 to 90 percent last year.

Building boom

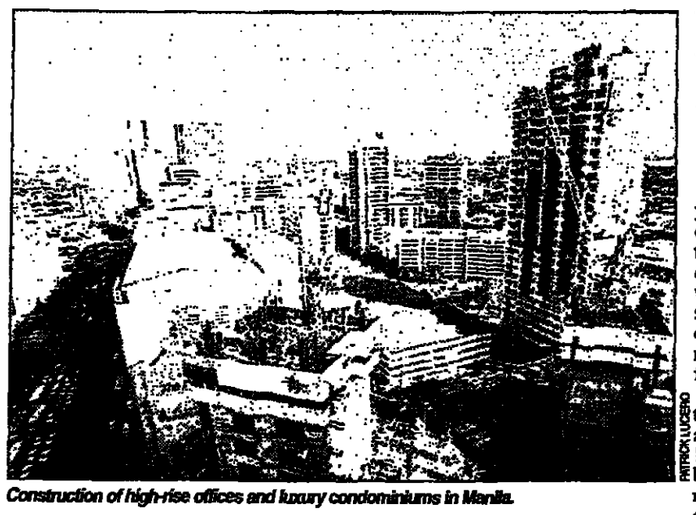
In Makati, dozens of giant cranes protrude above the skyscrapers like latter-day dinosaurs in an urban jungle. Many areas have become huge construction lots, feeding a real estate market that has boomed over the last three years — and could be heading for a plateau if not an outright bust, according to analysts.

Crime rates in the capital are also high, making up more than half of total crimes in the country. Slum communities located alongside dangerously polluted drainage creeks — the result of mass rural-to-urban migration — are a fertile breeding ground for crime. Less than half the capital's homes have installed sewerage; an equal number do not have a regular water supply.

Making Manila pleasant again

The city's woes are formidable. But a series of major projects are under way that, planners hope, will reinvent the city. By the turn of the century, Metro Manila may be pleasant again. The key is a privatization program that has served as an example to many other developing countries.

Though the government has more cash now than it did in the wobbly 1980s, at the beginning of the 1990s it realized that it could not hope to foot the bill for the infrastructure needed to make economic growth sustainable — and living conditions tolerable. For the capital alone, the projected cost runs to more than $20 billion.



PATRICK LUCERO

Construction of high-rise offices and luxury condominiums in Manila.

A series of major projects are under way that, planners hope, will reinvent the city. The key is a privatization program that has served as an example to many other developing countries

In response, the government worked out a system that has succeeded in roping in a stellar cast of multinational, regional and local companies to work on Metro Manila. Together, they are partially bridging the financial gap.

Water supply

This year, in Asia's biggest privatization of water supply and distribution, the government split the Metro Manila system into two parts and awarded the halves to two consortiums in deals worth $7 billion.

Within a year, the consortiums (Ayala Corp. with Bechtel Corp. of the United States and United Utilities of Britain; and Benpres Holdings with France's Lyonnaise des Eaux) will begin to supply more Metro Manila residents with regular water. Sewerage coverage and treatment will be significantly expanded as well.

A campaign to clean up the heavily polluted 24-kilometer (15-mile) Pasig river is being spearheaded by First Lady Amelita Ramos — and is showing slow but sure results. Cleaning up the dozens of drainage creeks and Manila Bay itself is another matter; the government currently does not have the funding nor the organizational resources to do so.

New roads and mass transit systems

Chief among the projects lined up are mass transit systems and new roads. Mitsui, Siemens, GEC-Alsthom, Bouygues, P.T. Citra Persada, Marubeni, Ayala Land and Benpres Holdings — to name a few corporations — will over the next three years upgrade the capital's single light-rail transit line and construct four more, build an elevated "Skyway" road and either expand major highways linking Manila with its hinterland or build three new ones.

Several of the infrastructure projects are already under way. In the short term, they will add to traffic problems — lanes are already closed on major arteries.

In the long term, however, the capital's residents like to believe the administration's promise that things will be far better.

Nirmal Ghosh

HOMEGROWN BANKS ADAPT TO COMPETE

While foreign banks concentrate on corporate accounts, local banks target consumers and small firms.

Since the Philippine government opened the banking sector to greater foreign competition three years ago, outside banks have hardly overrun the multitude of local institutions. But the Philippine banking industry has been in a state of transition, with foreign banks seizing a growing share of loans and pushing the local operators to transform themselves into more efficient, responsive and even friendlier establishments.

To protect local institutions and allow them to adjust to foreign competition after the banking sector was opened in 1994, the government limited the number of new foreign entrants to 10 and restricted them to only six branches each. The 10 new entrants began to set up their operations in 1995 while four other foreign-owned banks, which came into the marketplace years before there had been restrictions on outside institutions, were permitted to maintain their presence.

The liberalization law permitted other prospective foreign operators to establish themselves in the Philippines by acquiring up to 60 percent of an existing local bank or setting up their own 60-percent-owned subsidiary.

Because of the limited number of branches they were allowed, their strong capital resources and international experience, most of the foreign banks have so far focused on corporate accounts. "The corporate accounts are obviously going to be attracted to the kind of servicing that they will get from the foreign banks," says Jasmine Juanico, an analyst at Manila's Anscor Hagedorn Securities Inc.

"The foreign commercial banks have access to offshore funds, and to some extent some corporates have been sourcing their funding through these channels," adds Diwa Guinigundo, director of economic research at the Philippines' central bank.

Central bank figures show that foreign banks already account for about 10 percent of total loans through the Philippine banking system despite the fact none have set up all their branches.

With strong competitive pressures from the new entrants to the marketplace, the long-protected local banks have been forced to update and refocus their operations. Most are now concentrating more on attracting consumer accounts. "They admit that competition is really hard for corporate accounts, and that's why they're being active on the consumer side," Ms. Juanico says.

PATRICK LUCERO

Local banks are striving to become more responsive, more efficient — and friendlier.

Both large and small banks are increasingly looking for new business from the burgeoning middle class, which is becoming a more significant market segment as economic growth brings higher incomes. To attract middle class consumers, the more than 30 local banks have been offering better loan packages for cars and houses, increasing their number of branches, computerizing their services and adding more automated teller machines, analysts say.

Branch networks have grown by more than 10 percent over each of the last two years, central bank figures show. And consumers are seeing faster processing times for bank services, lower transaction costs and longer loan repayment periods.

"You can now get a 10-year mortgage for a house, which in the past you would never see," says Mike Oyson, senior investment analyst at Deutsche Morgan Grenfell Philippines Inc.

Mr. Oyson notes that more banks are also focusing on small and medium-sized enterprises, which in the past had shied away from borrowing from the banks. "In the past, when interest rates were hovering at about 30 percent, businessmen were averse to borrowing from the banks," he says. "With interest rates now hovering slightly above 10 percent, most of the business are now open to borrowing from the bank or leveraging their balance sheet."

H.F.

Philippine Airlines is now a private corporation with a new vision and battlecry: "Asia's first. Asia's best"

PHILIPPINE AIRLINES SEEKS FUNDS FOR EXPANSION

Philippine Airlines (PAL) is making a determined bid to relaunch itself as a major Asian airline after years in the red.

To finance its ambitious $4 billion re-fleeting and modernization program, the Philippine flag carrier has announced plans to quadruple its capital stock, sought loans from international finance consortiums and forged new alliances to expand aircraft maintenance services in the region.

$985 million needed this year

Armed with new private leadership and prospects of increased growth in Asia, PAL reported that it has already received 11 offers from various international finance houses amounting to more than $5 billion.

The company needs $985 million this year for the acquisition of 13 aircraft from Airbus Industrie. PAL hopes to acquire up to 36 new planes in the next three years.

A consortium of Banque Indosuez/Indosuez AirFinance Asia Co., Ltd., the Development Bank of Singapore and Kreditbank will arrange and underwrite the French and British portions for the financing of four A340-300 and five A330-300 Airbuses. A corresponding German portion will be underwritten by the Bayerische Landesbank and Kreditanstalt fur Wiederaufbau (KfW), structured in 10-year or 12-year facilities and supported by European Export Credit Agencies and associated commercial facilities. Overall arranger and agent for the transaction is Indosuez AirFinance Asia.

Marubeni Corporation has been tapped to arrange and underwrite the financing of three A320-200 planes, and KfW for one more A320-200 jet. Credit Lyonnais is acting as financial adviser for the project.

Joint venture with G.E.

Meanwhile, PAL has entered into an agreement with General Electric Company to jointly venture into aircraft engine services in Asia. The project is expected to generate about $200 million in annual revenues for the airline in the medium term and to create high-technology job opportunities.

The joint venture, inked last October, is the first in local aviation history. The project will operate from PAL's 5-hectare (12-acre) maintenance facility at the Ninoy Aquino International Airport in Manila. It will cater to the needs of PAL as well as other carriers in the Philippines and Asia. Services will be expanded as demand increases.

At present, PAL holds certificates from the U.S. Federal Aviation Authority, the British Civil Air Authority and the Netherlands RLD for the repair of their respective aircraft. It performs maintenance work for other airlines, the Philippine Air Force and civil aircraft operators.

PAL also performs catering and flight-training services for other airlines.

M.F. & Celia Clarete

WILL REAL ESTATE GO BUST?

Developers say they are shifting to markets where there is room for growth.

Fears that the Philippine real estate market could be heading toward collapse within the next two years have led many investors in property issues on the country's stock exchange to pull back in recent months.

Last week the central bank restricted banks' real estate lending to 20 of their loan portfolios or less, and the Manila stock market index fell to a 16-month low.

Analysts say the time has come to let go, predicting that the local real estate industry is doomed because of an inevitable oversupply. They point to the recent property bust in Bangkok as an example of what could happen in Manila.

There is now a widening chasm of opinion on the issue in the industry: While many analysts maintain that property is going bust, developers say they are far from doomed.

The real estate industry has been booming in recent years, especially since 1993, when President Fidel Ramos's economic reform program began producing strong growth.

All Asia Capital and Trust Corp., a local investment house, estimates that land prices in Manila have grown by an average 56 percent a year since 1987 — with property prices in its main business districts, Makati and Ortigas, rising by 3,000 percent over that period.

"Property prices have gone up because they reflect a tight market. We have practically a zero percent vacancy rate," says Jose Maria Salceda, head of Philippine research for Switzerland's SBC Warburg, an international investment company.

While many analysts maintain that property is going bust, developers say they are far from doomed.

With construction taking place in Makati, Ortigas, Manila's Fort Bonifacio and other parts of the capital, the property sector may have reached its peak, however.

Mr. Salceda warns that by next year, new properties coming onto the market could push the vacancy rate to 10 percent.

All Asia projects that by the year 2000, supply of high-rise residential units will exceed demand by 211 percent, while supply of commercial developments will outpace demand by 142 percent.

Despite such dire predictions, most developers say they don't think the glut will be as bad or begin as soon as predicted.

While many developers admit there is going to be an oversupply in office buildings by 1999, they argue that there will still be room for growth in other real estate sectors.

Francisco Licuanan, president of Ayala Land Inc., the country's leading developer, says there are at least three promising sectors that can make up for a slowdown in high-rise development — industrial estates, low- and middle-income housing and leisure-related projects. "We are discovering new niches in the market," Mr. Licuanan says.

To prepare for a glut in the business market, Ayala and other developers are cutting high-rise commercial projects and shifting to the more promising sectors.

To cut down risks, Ayala has adopted an internal policy of not having more than one unsold building of a specific type at one time, Mr. Licuanan says.

Another developer, Megaworld Properties and Holdings Inc., says it has slashed its capital expenditure budget by 30 percent to reflect the "financial prudence" necessary for the times.

Developers have also become more creative in search of new markets. More and more companies are spending billions of pesos to develop resorts, golf courses and other special projects.

Sheila Oviedo & H.F.

SUBIC BAY TO DEVELOP DEEPWATER CAPACITY

When the Philippine government took over the American naval base at Subic Bay in 1992, it received a prime piece of real estate approximately the size of Singapore with an intact and running infrastructure — and converted it into a free port.

It was slow going at first. Though Subic was an attractive place for investors, the Philippines was not. But in 1994 the country began showing signs of a robust economic revival, and investors began trickling in, some finding their way to the picturesque, sheltered bay north of Manila.

Today, the former military base has been transformed into a hive of activity, with more than 191 operational investors generating over $114 million worth of exports in the first three months of this year alone — up from some $83 million in the same period last year.

More than 40,000 jobs have been created — more than were lost when the base was relinquished by Washington.

The free port administration wants to develop it as a deepwater hub competing with Hong Kong and Singapore for big vessels

Goods from Subic's free port are often trucked to Manila for shipment from the capital's port. Increasingly, however, ships are calling directly at Subic's deepwater harbor to lift goods.

This is a turnaround from the early days, when investors and shipping lines were trapped in a chicken-and-egg situation: There was not enough cargo to make ship calls worthwhile, and investors were forced to truck their products to Manila even though they were only a few yards from a natural deepwater harbor.

The free port administration wants to capitalize on this asset and develop the port as a deepwater hub competing with Hong Kong and Singapore for big vessels in the 8,000-10,000 TEU range. (TEU, or twenty-foot equivalent unit, is the standard measure of full-size containers.)

"This port is capable of handling the future generation of vessels," says the port's deputy administrator, Ferdinand Hernandez.

The Subic Bay Metropolitan Authority (SBMA), which runs the free port, had a setback last year when, after a competitive bidding process, the contract for the development of a container port and related facilities with Hong Kong's Hutchison Ports International was canceled and a rebidding exercise ordered by President Fidel Ramos.

Mr. Hernandez is confident that the second bidding exercise and award process will be over by the end of the year.

"The objective is to make Subic a transshipment hub," Mr. Hernandez says.

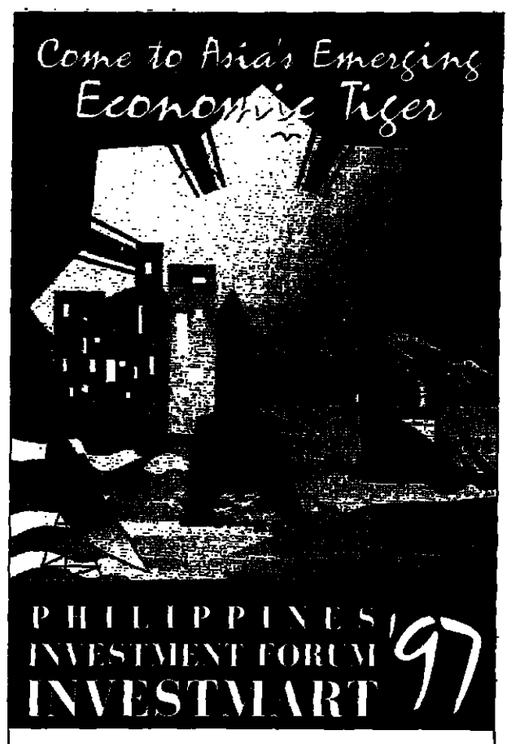
He notes that the sustained economic growth of China will need to be supported by growth in shipping. Other ports, like Hong Kong's, are nearing the limits to their capacity, and shippers will soon have to look for alternatives.

Once Subic's port is developed and ship calls become more frequent, exporters from all over the country will be able to use Subic as a shipping and transshipping hub, saving them, in Mr. Hernandez's estimate, $1,000-$2,000 per container over the cost of shipping through Manila.

The port is also trying to attract exporters from outside the free port area in central Luzon.

"We want to develop our own cargo-based volume, plus the volume of central Luzon. Then we will start to bring in big vessels. We guarantee streamlined procedures, no bureaucracy, no red tape," Mr. Hernandez says.

N.G.



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One on One Discussions with Joint Venture Partners on Investment Projects

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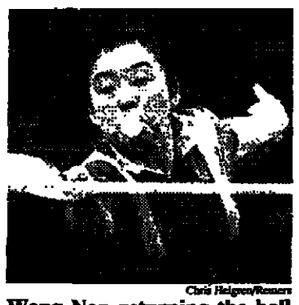
WORLD ROUNDUP



Chris Helgren/Reuters

Wang Nan returning the ball to Deng Yaping on Monday.

Swede Regains Title

TABLE TENNIS Jan-Ove Waldner won back the world single title Monday by defeating Vladimir Samsonov, 21, a surprise finalist, in straight games.

Waldner, who also won the title in 1989, beat the young Belarussian 21-12, 21-17, 21-13. The Swede became the first player to win back the men's single title since Ichiro Ogimura in 1956.

Waldner's victory prevented a Chinese clean sweep of the World Championships. China was defending all seven titles.

Earlier, in the women's singles final, Deng Yaping of China beat a compatriot, Wang Nan, 12-21, 21-8, 21-11, 21-10 to win her third women's singles title.

Deng, 24, has won every major event. She made errors against Wang, a lefthander, in the first set but then took control. *(AFP)*

Blackmar Wins Playoff

GOLF Phil Blackmar birdied the first hole of a playoff with Kevin Sutherland to win the Houston Open. Blackmar, whose last victory came in 1988, put his second shot of the playoff Sunday 3 feet from the pin and made his birdie putt after Sutherland was short from 15 feet. *(AP)*

Unseeded, but a Champ

TENNIS Marcelo Filippini of Uruguay beat Jason Stoltenberg 7-6 (7-2), 6-4 for the AT&T Challenge championship in Duluth, Georgia. The victory Sunday was worth $43,000 for the unseeded Filippini, who had won $38,655 thus far this year. *(AP)*

First Black Remembered

SOCCER Arthur Wharton, the world's first black professional player, will be commemorated at a service Thursday in Edlington, England. Wharton played for Preston North End in the 1886 FA Cup semifinal. He was an exceptional cricketer and held the world record for the 100 yards. He was buried in an unmarked grave in Yorkshire in 1930. *(AFP)*

Bowe Outhit by his Sister

BOXING Riddick Bowe, the former heavyweight champion, has filed a police report alleging that his sister assaulted him. A Washington TV station reported Sunday that Bowe and his sister sustained split lips in a domestic dispute. *(AP)*

Jazz Gang Up on Shaq, And L.A. Falls, 93-77

Malone Scores 23 in Utah Victory

Compiled by Our Staff From Dispatches

The Salt Lake City ordinance — call fouls on Shaquille O'Neal — was adhered to as the second round of the NBA playoffs opened in Utah.

The Los Angeles Lakers' center was rear-ended Sunday by three sumo wrestlers (Greg Ostertag, Antoine Carr and Karl Malone) when he was playing offense, and on the other end he was whistled for every single reach-in and then some.

Five fouls later, the Lakers had a mere shadow of their former center, and their go-to guy turned out to be a teenager. With Game 1 of this Western Conference semifinal series on the line, the rookie Kobe Bryant was hoisting 18-footers, and that explained the Jazz's 93-77 victory.

NBA PLAYOFFS

Also, the Lakers had just one day off after eliminating Portland on Friday night, while the Jazz had a week off after beating the Clippers.

"They were probably a little bit tired," said the Utah coach, Jerry Sloan.

Malone offered his thoughts on O'Neal's play: "He did not have the quick spring he would normally have. He normally gets quicker shots up there."

Los Angeles had a chilly second quarter, and its shooting turned Arctic from there on out. The Lakers shot 21 percent in the second quarter (5 of 24) and 4 of 17 (including three 3-pointers) in the fourth quarter, and that is what happens when O'Neal is not making two-footers.

Nick Van Exel was the Lakers' only accomplished scorer, with 23 points, and O'Neal managed 17 points on 6-of-16 shooting in 39 minutes. He averaged 33 points in the Portland series, but the Blazers' Arvydas Sabonis had no help, while Ostertag had plenty of support guarding O'Neal.

Malone had 23 points and 13 rebounds on what was an off day for him. He shot only 9 of 21, stared down the officials all afternoon, and chipped in on the tag-team of O'Neal.

Ostertag finished with eight points and seven rebounds, and also blocked two of O'Neal's shots.

The Lakers trailed by 12 at halftime, inched as close as 5 points, but could not shoot straight and never challenged again. They shot 34 percent on the day.

The referees were whistle-happy and the technical fouls arrived in waves. None of the superstars was spared.

The first technical went to Malone, who in the process of dunking in the first quarter felt he was kneed in the back by Van Exel. After he flushed his dunk, he punched the ball and was called for delay-of-game by the referee, Eddie Rush.

Malone yelled in Rush's face, was given his technical foul and continued his debate. Most players would have been ejected by then, but Rush — probably to avoid a riot — swallowed his whistle.

The next technical, a minute later, went to Sloan. Then, two big men, O'Neal and the Jazz's Carr, were separated and given technical fouls for elbowing. The teams then got down to basketball.

Utah led by just 27-25 after the first quarter, but Chris Morris changed the course of the half. His jump shot broke a 29-29 tie, and, a moment later, his consecutive 3-point bombs put Utah ahead, 39-33.

Morris had been exiled to the bench for long chunks of this season for inconsistency and subsequent moping, but he was on his game Sunday.

Ostertag had a tip-in, John Stockton hit a 3-pointer, Carr buried a jump shot, and Malone had two free throws and a jump shot for an 11-0 run that increased the Utah lead to 50-35.

It was imperative for the Jazz that Ostertag throw around his 280 pounds (127 kilograms). He had been assigned to O'Neal and had spent a week fielding suggestions on how to stonewall him.

Ostertag had 8 points, 6 rebounds and a block in the first 24 minutes — and the Jazz led by 52-40 at the half. O'Neal, meanwhile, managed the same numbers (8 points, 6 rebounds), but, for him, that was an underachievement.

Hawks 84, Pistons 79 In Atlanta, Dikembe Mutombo made two brilliant blocks against Grant Hill in the last two minutes as the Hawks edged the Pistons to win the series, 3-2, and earn a date with the Chicago Bulls in the second round of the playoffs, starting Tuesday.

With the score tied at 77, Hill drove the baseline for a dunk, but the shot was deflected away by the 7-foot-2-inch (2.2 meter) Mutombo. After Christian Laettner hit a 17-footer to put the Hawks ahead 79-77 with 1:14 remaining, Hill tried to tie it with a drive to the basket. But Mutombo, the NBA's defensive player of the year, caught Hill from behind and got a hand on the shot.

Steve Smith then made a 3-pointer from deep in the left corner to put Atlanta up by five.

Laettner finished with 23 points, while Mutombo had 17 points, nine rebounds and six blocks. Hill led the Pistons with 21 points.

Heat 91, Magic 83 In Miami, Tim Hardaway hit two baskets in the final 43 seconds as the Heat held off Orlando to win a playoff series for the first time in their nine-year history. *(NYT,LAT,AP)*

■ Celtics Try to Lure Pitino

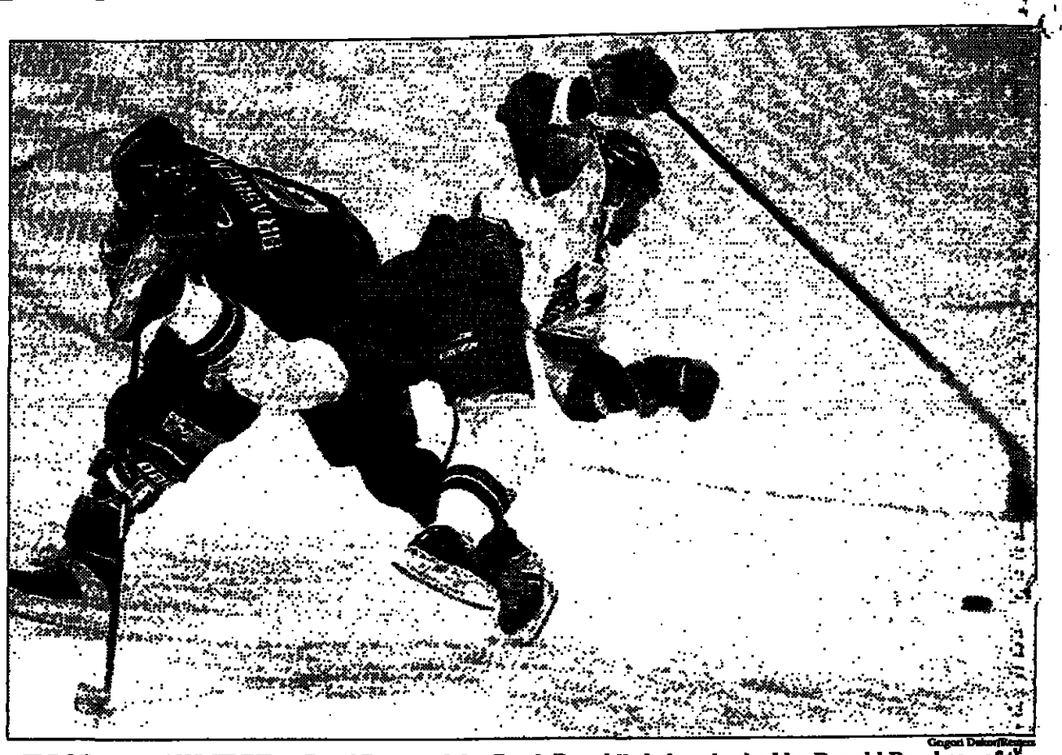
The Boston Celtics have made Rick Pitino a lucrative offer to leave his coaching position at the University of Kentucky and take over in Boston. Media reports in Boston and Lexington have put the a package at anywhere from $40 million to $70 million, plus stock in the club, The Associated Press reported from Lexington, Kentucky.

Pitino, who played basketball at the University of Massachusetts and coached at Boston University, has not indicated if he will accept the offer. He said that if he returned to Boston "it would be for the challenge and not for the money."

• The Philadelphia 76ers hired Larry Brown on Monday as coach and head of personnel, The Associated Press reported from Philadelphia.

"I've learned that experience is like gold, and we went after the gold standard of experience," said Pat Croce, the 76ers' president and part owner.

Terms of the deal were not disclosed, but Brown is reportedly being paid $25 million over five years.



Gregori Dukor/Reuters

AIRBORNE IN HELSINKI — Pavel Patera of the Czech Republic being checked by Donald Brashear of the United States on Monday in the opening match of the medal round at the World Ice Hockey Championships. Ted Donato of the Boston Bruins scored twice as the Americans beat the defending champions by 4-3. Russia beat Sweden by 4-1. The Swedes had led the standings because of points carried over from the first round.

Ranger Goalie Loses All but Game

Compiled by Our Staff From Dispatches

When hockey players drop their sticks and gloves, it usually means they are about to fight. Goalies rarely shed this equipment, especially when they are trying to make the most important save of the day.

But Mike Richter of the Rangers lost all these things and still came out all right in the climactic moments of victory Sunday over the Devils, a 2-0 thriller that tied their second-round Stanley Cup playoff series at one victory apiece.

With just over a minute left, John MacLean outfought the Ranger defenseman Brian Leetch along the right wing boards in New Jersey's jam-packed, loud-as-all-get-out home arena.

The Rangers were protecting a 1-0 lead, fashioned from Leetch's first-period power-play goal. As MacLean took the puck, Leetch tripped and fell.

This left Richter naked, in the hockey-coverage sense, even with all his equipment still on him. As he moved up to poke-check MacLean, Richter lost his stick.

As they came together, MacLean's wrist shot hit Richter's legs, and MacLean's skate knocked the big blocker off Richter's right arm.

As the puck bounced around the crease, Richter rolled over on his back. His glove slid off. Richter tried, and failed, to knock the puck away with his bare hand.

"It was a pretty vulnerable situation," he said. "I'm down without anything. As dramatic as it may have looked, they didn't get a second poke, which was critical."

Twenty seconds later, with the Devil goalie, Martin Brodeur, pulled for an extra attacker, Russ Courtnall of the Rangers shot the puck into the empty net.

It was the 15th shutout of the tournament, one short of the league record.

Wayne Gretzky set up the game-winning goal by carrying the puck behind the net and setting up Leetch's short shot. Gretzky's puck-handling mesmerized the defenders.

"Everyone lost me, even Brodeur," Leetch said. "He was looking behind him. He was more worried about Wayne and didn't know I was out there all alone."

The Devils could not coordinate their power-play attack even when two Ranger penalties overlapped by 70 seconds in the third period.

NHL PLAYOFFS

And when the Devils seemed to score a goal on the power play late in the second period, it was nullified because video review showed the scorer, Steve Thomas, illegally in Richter's crease.

The Rangers have a strategy to try to beat a team that finished five places ahead of them in regular season: Work them over and try to intimidate them. Let the Devils take the penalties for retaliating.

The plan worked very well Sunday and might work even better in Manhattan, where referees sometimes seem mindful of the celebrity Rangers and their pack of fans.

Red Wings 3, Mighty Ducks 2 In Detroit, the game lasted so long that players scavenged for food in the dressing room between overtimes.

"Raisins, little Fig Newtons, hot dog buns, whatever we could scrounge up," said Dan Trebil, an Anaheim defenseman.

Paul Kariya, Anaheim's captain, said he had never been so tired.

It took nearly 5½ hours, three overtimes and 101 minutes 31 seconds, but Anaheim had only a loss to show for it.

Vyacheslav Kozlov's goal ended it 1:31 into the third overtime Sunday. It came on a controversial power play with a shot from the right circle.

The Ducks have lost both games of their best-of-seven Western Conference semifinal series in overtime, after a 2-1 loss 59 seconds into overtime in Game 1 on Friday.

The players guzzled fluids between periods, and some pedaled bikes to keep their legs from cramping.

"I probably hadn't stayed out there three and four hours since I was a kid playing river hockey," the Duck defenseman Bobby Dollas said.

As for Scotty Bowman, the Red Wing coach, who is a veteran of 270 playoff games: "I was in uncharted waters. I've never had a third overtime in all my career."

The Ducks finished with 51 shots — 22 in overtime — and Detroit had 71, 34 of them in overtime.

The Ducks' J. J. Daigneault hit the post in the second overtime, and the Red Wings' Brendan Shanahan, Steve Yzerman and Kozlov had chance and chance again, though Mikhail Shtalenkov, who had replaced the injured goalie Guy Hebert, was spectacular in turning them away.

"You go from almost winning it for your team to taking the penalty that lets them score on the power play," said Daigneault, who hooked Doug Brown to prevent a scoring opportunity.

"It's tough physically and psychologically," Daigneault said. "We're not out of it. We've lost two tough games on the road, and now we're going home."

Avalanche 4, Oilers 1 In Denver, Valeri Kamensky and Claude Lemieux scored second-period goals, and Patrick Roy made 42 saves as Colorado beat Edmonton to take a 2-0 lead in the best-of-7 series.

Kamensky's sixth playoff goal and Lemieux's seventh — tops in the postseason — broke a 1-1 tie.

Roy, who stopped the Oilers three times on breakaways, extended his record for playoff victories by a goalie to 92. Colorado has outscored the opposition 12-1 in the first period of its five home playoff games. *(NYT, LAT, AP)*

Rockies' Bailey Pitches to the Nines

The Associated Press

Roger Bailey became just the second Colorado Rockies pitcher to throw a complete-game, nine-inning shutout at Coors Field, scattering nine hits in a 9-0 victory over the Philadelphia Phillies.

After going 2-3 with a 6.24 ERA last year, Bailey is 4-1 with a 1.71 earned-run average. He is the only pitcher in the majors with two shutouts.

"He is a surprise," said Don Baylor, the Rockies' manager. "He has pitched as well as anybody in the National League." Bailey walked none and struck out three in his third complete game of the season.

Larry Walker doubled twice and singled, drove in four runs and raised his major-league-leading average to .421 in Sunday's game. Vinny Castilla hit his 10th homer.

Giants 2, Reds 1 Glenallen Hill hit a two-out, two-run single in the bottom of the 10th inning, rallying San Francisco over Cincinnati.

The Reds scored a run in the 10th on an error by the Giants' third baseman, Bill Mueller. The Giants' closer, Rod Beck, got the victory.

The host Giants came back, loading the bases when Marvin Benard and Barry Bonds both walked and Mueller was hit by a pitch. After Jeff Kent fanned for the second out, Hill ended an 0-for-14 slump with a bloop single to shallow right.

Expos 9, Padres 3 Jim Bullinger stopped host San Diego with his arm and his bat, and Rondell White hit two of Montreal's six home runs.

Bullinger held the Padres to one hit until Ken Caminiti and Chris Jones hit consecutive homers with one out in the ninth. Bullinger, an infielder in the minors, hit the fourth home run of his career and also singled.

White went 4-for-5 and drove in four runs with his first two-homer game in the majors. Vladimir Guerrero, Henry Rodriguez and Chris Widger also homered for the Expos.

Dodgers 5, Cubs 2 The Dodgers' pitcher, Chan Ho Park, and their catcher, Mike Piazza, did most of the work as Los Angeles defeated Chicago at Dodger Stadium.

Piazza hit a towering home run, threw out a runner trying to steal and tagged out Brian McRae on an attempted steal of home. Park limited the Cubs to five hits in 6⅔ innings. He also drove in a run with a suicide-squeeze bunt and doubled for his first extra-base hit in 27 at-bats in the majors.

BASEBALL ROUNDUP

Astros 1, Marlins 0 Houston's Darryl Kile pitched a four-hitter for his first shutout in four years. Kile struck out six and walked three. Kevin Brown took the loss even though he gave up only one run on five hits and had a season-high 10 strikeouts.

In the American League:

Yankees 13, Royals 5 Tino Martinez homered twice and drove in four runs as the New York Yankees hit five homers in a game for the first time since 1993 and routed Kansas City.

Martinez, who also singled and doubled, has 12 homers and leads the majors with 40 runs batted in. Cecil Fielder, Bernie Williams and Jorge Posada also homered for the Yankees, who had a season-high 19 hits and won for the 11th time in 15 games.

Orioles 11, Athletics 0 Roberto Alomar hit a grand slam and drove in five runs, and Rocky Coppinger pitched six shutout innings and struck out nine at Camden Yards. It was one of four shutouts in the American League on Sunday.

Cal Ripken went 3-for-3 with two RBIs to help the Orioles to their seventh victory in nine games.

White Sox 4, Angels 2 In Chicago, Frank Thomas broke a 2-2 tie in the seventh with a sacrifice fly, and Albert Belle followed with a run-scoring single.

Rangers 7, Red Sox 6 Bill Ripken, playing because Benji Gil was injured, singled home the go-ahead run in the seventh in Arlington, Texas.

Boston, which had led by 5-0, was ahead, 6-2 before Texas tied the score on Will Clark's three-run homer in the fifth and Juan Gonzalez's infield single in the sixth — his first run-batted-in of the season. With two on and two outs in the ninth, Reggie Jefferson hit a smash to first off John Wetteland. Clark dove to get the grounder, then outraced Jefferson to the bag.

Mariners 9, Brewers 0 Jamie Moyer combined with Scott Sanders on a six-hitter, and Dan Wilson drove in four runs for Seattle with a double and a single. Moyer, who started the season on the disabled list because of a strained left forearm, gave up five singles in seven innings.

In games reported in some Monday editions:

Blue Jays 1, Twins 0 Pat Hentgen struck out 10 and pitched a four-hitter at SkyDome for his seventh career shutout. Last year's AL Cy Young Award winner walked only one and retired 17 straight batters at one point. Bob Tewksbury lost despite throwing a four-hitter.

Tigers 2, Indians 0 Detroit snapped a 13-game losing streak against Cleveland, but lost a pitcher, Willie Blair.

Blair was hit in the head by Julio Franco's liner and taken off the field in an ambulance after shutting out his former team for 5⅔ innings. The Tigers said Blair (3-2) sustained a fractured jaw.

Braves 3, Pirates 1 A rookie right fielder, Emil Brown, dropped a routine fly ball, helping the Braves beat Pittsburgh. Chipper Jones hit an RBI single with two outs in the third inning. After a walk, Ryan Klesko lofted a high fly that glanced off the heel of Brown's glove.

Cardinals 8, Mets 2 Todd Stottlemyre limited New York to three hits in eight innings, and Ray Lankford and Willie McGee homered for visiting St. Louis.

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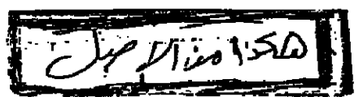
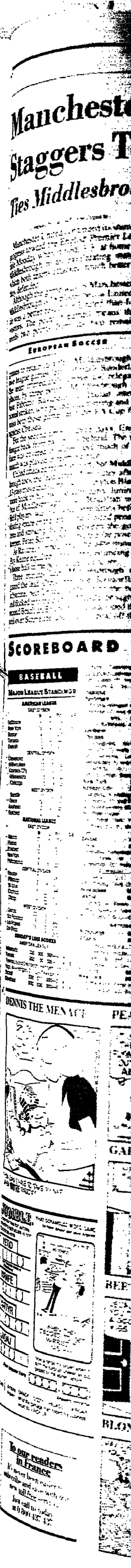




SPORTS

Manchester United Staggers Toward Title

Ties Middlesbrough, 3-3, in Rain

Compiled by Our Staff From Dispatches

Manchester United continued its stumbling progress toward the English Premier League title Monday when it tied, 3-3, at home with Middlesbrough in an exhilarating match in which both teams attacked much better than they defended.

Although the game was in Manchester and Middlesbrough is 18 places below United, the tie was a better result for United than for its visitors. The point it earned means that it needs two points from its two remaining games to retain its titles. Middlesbrough has two league games left and trails Sunderland, the team immediately above the relegation places, by three points. Middlesbrough also lost Fabrizio Ravanelli, its Italian international striker, who pulled a hamstring and will miss both those games and the FA Cup final against Chelsea.

EUROPEAN SOCCER

For the second time in three days, United fought back from two goals behind. The surface was covered in water, and much of the match was played in teeming rain.

United attacked from the start, but Middlesbrough took the lead after 15 minutes after a 13-pass move that started with Clayton Blackmore back in his own penalty area. Juninho, one of Middlesbrough's two Brazilian midfield players, was involved three times before finding space on the left of the United penalty area and stroking the ball between the goalkeeper, Peter Schmeichel, and the far post.

As Ravanelli limped off in the 34th minute, Roy Keane equalized for United, pouncing on a loose ball in the penalty area to score.

Three minutes later, Middlesbrough regained the lead. Chris Freestone, Ravanelli's substitute, beat United's defense to the ball and flicked into the path of Middlesbrough's second Brazilian, Emerson, who walloped the ball over Schmeichel and into the goal off the underside of the crossbar. In the 40th minute, Robbie Mustoe crossed and Craig Hignett darted forward to push Middlesbrough ahead by 3-1.

United completed the burst of four goals in eight minutes with a passing move that ended when the ball reached Gary Neville, unmarked inside the penalty area. He drilled his shot low and in off the far post. It was his first goal for the club.

Ole Gunnar Solskjaer, who scored both United goals in the 2-2 tie at Leicester on Saturday, made it 3-3 in the 68th minute when Neville crossed from the right, and the Norwegian beat Nigel Pearson in the air and glanced his header inside the far post.

SCOTLAND Glasgow Rangers, needing only a tie to clinch its ninth consecutive Scottish title, lost by 2-0 at home to relegation-threatened Motherwell on Monday.

Owen Coyle struck after seven minutes and then buried the Rangers' hopes with a penalty after 82 minutes.

For the first goal, Ian Ross knocked the ball across the face of the penalty area, and Coyle was left in the clear to knock it past the goalkeeper, Andy Dibble.

Motherwell extended its lead when Ian Durrant, a substitute, brought down Micky Weir in the penalty box. Coyle sent Dibble the wrong way from the penalty.

Paul Gascoigne, who had not played since January, appeared as a substitute in the second half. He missed the Rangers' best chance on the hour when he poked his shot past the goalkeeper, Scott Howie, but wide of the post.

Rangers remain six points ahead of their Glasgow rival, Celtic, with two games to play and have a superior goal difference.

Motherwell can avoid the relegation playoffs if its beats Dunfermline in its final game.

Richard Gough, the Rangers' captain, played his last game after 10 seasons with the club. He will join the Kansas City Wizards in the U.S. Major Soccer League.

PORTUGAL Porto beat Leca, 2-1, at home Sunday to stretch its lead at the top of the first division to 11 points over Sporting Lisbon. Both teams have five games to play.

On Monday, Porto said it would sue the national television channel SIC over a report alleging that some of its players were involved in an episode involving drugs and prostitutes in a hotel room in November 1995.

The report was broadcast Friday. Porto coach Antonio Oliveira, who led the national side at the time of the alleged events, was hospitalized with heart problems Saturday.

FRANCE AS Monaco clinched its first French League title since 1988, playing a 2-2 tie Sunday against Caen. Victor Ikpeba and Thierry Henry gave AS Monaco one-goal leads but Caen — 19th in the 20-team first division, came back twice on goals by Frederic Nee and Marc Roche. *(AP, AFP, Reuters)*

Peter Wilcock/The Associated Press

United's Ronny Johnsen, left, leaping with Middlesbrough's Fabrizio Ravanelli.

El Salvador Climbs Past Costa Rica, 2-1

Compiled by Our Staff From Dispatches

Raul Diaz Arce and Elias Montes scored goals as El Salvador beat Costa Rica, 2-1, in San Salvador in a qualifying game for the 1998 World Cup.

Arce opened the scoring in the 19th minute on Sunday,

WORLD SOCCER

and Montes made it 2-0 in the 53d minute. Costa Rica's Luis Diego Arnaez completed the scoring in the 58th minute.

El Salvador leapfrogged over Costa Rica into third place in the six-team final regional qualifying group. Both teams have four points. The group leader, Mexico, has eight points, and the United States is second with five. The top three advance.

ARGENTINA Boca Juniors' season of misery hit a new low when it had three players sent off in yet another loss.

Boca slumped to 15th place in the 20-team table after losing, 2-0, away, to Independiente, which is coached by Cesar Luis Menotti.

Nestor Lorenzo was dismissed in the 31st minute for a foul on Jose Luis Calderon that led to a penalty. Jorge Burruchaga fired home from the penalty spot, and later added the second goal.

Diego Cagna was sent off for a foul on Calderon in the 73d minute, and Nestor Fabbri followed one minute later, apparently for insulting a linesman.

River Plate, Boca's bitter rival, lost by 4-1 at home to Estudiantes. River continued a decline he began with the sale of Ariel Ortega to the Spanish club Valencia.

Colon, the league leader that has never won a major title, played to a 2-2 draw, at Huracan Corrientes, which has drawn nine of its 10 games.

BRAZIL A teenage striker, Dodo, scored his eighth goal in a week as Sao Paulo beat its archrival Palmeiras, 4-2, in the Sao Paulo championship.

The triumph followed an 8-1 victory over Juventus in the same tournament a week ago and a 5-2 hammering of the United States on Thursday.

Dodo, 19,who scored hat tricks in both of those games, added two more goals as Sao Paulo recovered after falling behind.

The result made Sao Paulo, sure of a place in the four-team playoff, along with Corinthians. *(AP, AFP, Reuters)*

■ Two Stars Retire

Michel, the former Spanish international, and Hugo Sanchez, the former Mexican international, both played the last game of their professional careers for Atletico Celaya in the Mexican championship on Sunday, Reuters reported.

The two players were also teammates at Real Madrid in the late 1980s.

Celaya lost, 3-2, to the reigning champions, Santos Laguna, and will finish bottom of its group in the qualifying stage of the championship. Sanchez, who was top scorer in the Spanish championship in four seasons with Real Madrid, scored only twice in his stay at Celaya.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	19	8	.704	—
New York	16	14	.533	4½
Boston	14	14	.500	5½
Toronto	13	14	.481	6
Detroit	12	17	.414	8
CENTRAL DIVISION				
Cleveland	14	14	.500	—
Milwaukee	13	13	.500	—
Kansas City	13	14	.481	½
Minnesota	12	16	.400	2
Chicago	10	16	.357	4
WEST DIVISION				
Seattle	18	12	.600	—
Texas	16	17	.593	½
Anaheim	13	16	.481	3½
Oakland	14	16	.467	4

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	21	8	.724	—
Florida	16	13	.552	5
Montreal	15	13	.536	5½
New York	14	16	.467	7½
Philadelphia	9	19	.321	11½
CENTRAL DIVISION				
Houston	17	13	.567	—
Pittsburgh	15	14	.517	1½
St. Louis	13	16	.448	3½
Cincinnati	9	20	.310	7½
Chicago	7	22	.241	9½
WEST DIVISION				
Colorado	20	8	.714	—
San Francisco	18	10	.643	2
Los Angeles	16	12	.571	4
San Diego	11	17	.393	9

SUNDAY'S LINE SCORES

AMERICAN LEAGUE

Milwaukee 000 000 000—0 4 1
Toronto 000 100 00x—1 4 0
Tewksbury and Stainbach; Hanigan and Santiago. W—Hentgen, 2-1. L—Tewksbury, 1-5.
Detroit 000 011 000—2 6 1
Cleveland 000 000 000—0 5 0
Blair, Cummings (6), Brocail (9) and Casanova, Johnson (9); Nagy, Assenmacher (9), Mesa (9) and Borders. W—Blair, 3-2. L—Nagy, 4-2. Sv—Brocail (7).
Oakland 000 000 000—0 4 1
Baltimore 200 025 10x—11 15 0
Prieto, Wengert (6) and Molina; Coppinger, Johnson (7) and Webster. W—Coppinger, 1-0. L—Prieto, 2-2. Sv—Johnson (2). HRs—Baltimore, Incaviglia (4), Alomar (5).
Anaheim 100 100 000—2 10 0
Chicago 010 001 20x—4 11 3
Haseagawa, McElroy (6), Harris (6), DeLucia (7), Holtz (8) and Leyritz; Fabregas (8); Navarro, Levine (8), Castillo (8), Hernandez (9) and Kreuter. W—Navarro, 3-1. L—Harris, 0-1. Sv—Hernandez (5). HR—Chicago, Baines (3).
New York 103 400 140—13 19 1
Kansas City 003 000 002—5 8 0
Rogers, Boehringer (3), Nelson (7), Lloyd (8), Mecir (9) and Posada; Rusch, Converse (4), Mosigemey (8), Pichardo (9) and Spehr. W—Boehringer, 1-1. L—Rusch, 2-2. HRs—New York, Posada (1), Fielder (2), Martinez 2 (12), Williams (4). Kansas City, Dye (1).
Boston 100 410 000—6 9 0
Texas 000 221 10x—7 14 1
Wasdin, Eshelman (5), Garces (6), Henry (7), Trlicek (8) and Hatteberg; Witt, Gunderson (5), Patterson (7), Wetteland (9) and Rodriguez. W—Patterson, 3-2. L—Henry, 2-2. Sv—Wetteland (7). HR—Texas, Clark (2).
Milwaukee 000 000 000—0 6 1
Seattle 000 213 21x—9 12 1
Eldred, A. Reyes (7), DeJones (8) and Levis; Moyer, S. Sanders (8) and Da.Wilson. W—Moyer, 7-0. L—Eldred, 3-3.

NATIONAL LEAGUE

Pittsburgh 000 001 000—1 8 1
Atlanta 003 000 00x—3 6 1
Cordova, Wilkins (7), Ruebel (7), Morel (8) and Kendall; Wade, Byrd (6), Bielecki (7), Wohlers (8) and Lopez. W—Wade, 1-1. L—Cordova, 1-3. Sv—Wohlers (8).
St. Louis 400 220 000—8 13 1
New York 000 100 010—2 5 1
Stottlemyre, Frascatore (9) and Lampkin; Clark, Jordan (5), Borland (8), Manuel (9) and Hundley, Castillo (9). W—Stottlemyre, 1-1. L—Clark, 3-2. HRs—St. Louis, McGee (2), Lankford (4).
Philadelphia 000 000 000—0 9 0
Colorado 310 301 10x—9 13 1
Madura, Mimbs (4), Ruffcorn (7) and Lieberthal; Bailey and Manwaring. W—Bailey, 4-1. L—Madura, 2-3. HR—Colorado, Castilla (10).
Montreal 002 130 030—9 17 0
San Diego 010 000 002—3 4 1
Ballinger, Smith (9) and Widger; Hitchcock, Bergman (5), Scott (7), Kroon (8), Cunane (9) and Slaught. W—Ballinger, 2-4. L—Hitchcock, 2-3. HRs—Montreal, Widger (3), Rodriguez (7), Guerrero (1), Ballinger (1). San Diego, Jones (2), Caminiti (4).
Chicago 000 001 100—2 5 2
Los Angeles 002 210 00x—5 12 0
Trachsel, R. Tatis (5), Bottenfield (7) and Servais; Park, Candiotti (7), Radinsky (8), Ta.Worrell (9) and Piazza. W—Park, 2-1. L—Trachsel, 1-4. Sv—Ta.Worrell (8). HRs—Chicago, Sosa (4). Los Angeles, Piazza (6).
Cincinnati 000 000 000 1—1 6 1
San Francisco 000 000 000 2—2 8 2
(10 innings)
Morgan, Carnasco (7), Remlinger (8), Belinda (8), Brantley (10) and J. Oliveo Rueter, D. Henry (8), R. Rodriguez (8), Beck (10) and Jensen. W—Beck, 1-1. L—Brantley, 0-1.
Florida 000 000 000—0 4 0
Houston 100 000 00x—1 5 0
K.J.Brown and Zaury Klie and Eusebio. W—Klie, 2-2. L—K. J.Brown, 3-2.

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	16	11	—	.593	—
Hiroshima	14	11	—	.560	1.0
Hanshin	13	13	—	.500	2.5
Yomiuri	12	14	—	.462	3.5
Chunichi	12	14	—	.462	3.5
Yokohama	11	15	—	.423	4.5

MONDAY'S RESULTS

Chunichi 10 Yakult 6
Yokohama 6, Yomiuri 4
Hiroshima 12, Hanshin 6

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	14	11	—	.560	—
Daiei	13	12	—	.542	0.5
Orix	12	11	—	.522	1.0
Lotte	11	12	1	.478	2.0
Kintetsu	10	12	1	.455	2.5
Nippon Ham	11	14	—	.440	3.0

MONDAY'S RESULTS

Seibu 9, Lotte 3
Daiei 4, Kintetsu 2
Orix 3, Nippon Ham 1

BASKETBALL

NBA PLAYOFFS

FIRST ROUND
(BEST-OF-FIVE)
SUNDAY'S RESULTS

Orlando 28 14 19 38— 83
Miami 22 19 28 22— 91
O: P.Hardaway 8-22 13-17 3 3, Strong 3-6 7-9 13; Mc Mourning 9-17 4-7 22, Lenard 6-13 3-4 19. Rebounds—Orlando 46 (Strong 12), Miami 52 (Brown 14). Assists—Orlando 16 (P.Hardaway 6), Miami 20 (T.Hardaway 11).

(Miami wins series 3-2)

Detroit 25 17 20 17—79
Atlanta 22 28 12 36—84
D: Hill 9-24 3-6 21, Hunter 7-17 1-1 17; A: Loehner 9-17 4-4 23, Mutombo 7-11 3-8 17. Rebounds—Detroit 44 (Hunter 9), Atlanta 54 (Mutombo, Blaylock 9). Assists—Detroit 11 (Hill 6), Atlanta 17 (Corbin, Blaylock 5).

(Atlanta wins series 3-2)

SECOND ROUND
(BEST-OF-SEVEN)
SUNDAY'S RESULTS

L.A. Lakers 25 15 29 17— 77
Utah 27 25 18 22— 92
L.A.: Van Exel 7-19 5-5 23, O'Neal 6-16 5-8 17, Jones 6-15 2-2 17; U: Malone 9-21 5-10 23, Homacek 4-10 1-2 10, Stockton 2-5 5-6 10. Rebounds—Los Angeles 51 (O'Neal 12), Utah 33 (Malone 13). Assists—Los Angeles 16 (Van Exel 4), Utah 24 (Homacek 7).

(Utah leads series 1-0)

ICE HOCKEY

NHL PLAYOFFS

CONFERENCE SEMIFINALS
(BEST-OF-SEVEN)

N.Y. Rangers	1	0	1—2
New Jersey	0	0	0—0

First Period: New York, Leetch 1 (Gretzky, Courtnall) (pp). Second Period: None. Third Period: New York, Courtnall 1 (Sundstrom) (en). Shots on goal: N.Y.- 4-10-8—22, N.J.- 16-10-6—32. Goalies: N.Y.-Richter. N.J.-Brodeur.

(series tied 1-1)

Anaheim	0	0	2	0—2
Detroit	0	1	0	1—2

First Period: None. Second Period: D-Yzerman 3 (Larionov, Fetisov) Third Period: A-Kurri 1 (Pronger, Bellows) 3, D-Brown 1 (Shanahan, Yzerman) 4, A-Selanne 6 (Ruzichin, Mironov) First Overtime: None. Second Overtime: None. Third Overtime: 5, D-Kozlov 3 (Konstantinov, Fetisov) (pp). Shots on goal: A-10-10-9-13-9-0—51. D-8-19-10-13-17-4—71. Goalies: A-Hebert, Shtalenkov. D-Vernon.

(Detroit leads series 2-0)

Edmonton	0	1	0—1
Colorado	1	2	1—4

First Period: C-Young 1 (Sakic, Ozolinsh) (pp). Second Period: E-Weight 3 (Kovalenko) 3, C-Kamensky 6 (Forsberg, Gusarov) 4, C-Lemieux 7 (Kamensky, Forsberg) (pp). Third Period: C-Corbet 2 (Yelle, Lacroix). Shots on goal: E- 9-13-21—43. C- 8-11-5—24. Goalies: E-Joseph. C-Roy.

(Colorado leads series 2-0)

WORLD CHAMPIONSHIP

PLAYOFF ROUND, AT HELSINKI, FINLAND

United States 4, Czech Republic 3
Russia 4, Sweden 1
STANDINGS: Sweden 4 points; Russia 4; Finland 2; Canada 2; Czech Republic 2; United States 2.

GOLF

HOUSTON OPEN

Final scores and prize money Sunday from the $1.6 million Shell Houston Open, played on the 7,042-yard (6,437-meter), par 72 TPC at The Woodlands, Texas (a-won on first playoff hole):

x-Phil Blackmar, U.S.	68-71-67-70—276
Kevin Sutherland, U.S.	68-72-66-70—276
S. Elkington, Australia	69-74-70-65—278
Hal Sutton, U.S.	68-72-71-68—279
Scott Hoch, U.S.	73-68-68-70—279
Lanny Watkins, U.S.	73-70-71-67—281
Jerry Kelly, U.S.	70-68-69-74—281
Larry Rinker, U.S.	72-69-71-70—282
Nolan Henke, U.S.	73-71-68-70—282
David Ogrin, U.S.	69-68-74-71—282
John Morse, U.S.	68-74-69-71—282
J.P. Hayes, U.S.	73-72-64-73—282

SOCCER

ENGLISH PREMIER LEAGUE

Manchester United 3, Middlesbrough 3
STANDINGS: Manchester United 71 points; Liverpool 67; Arsenal 65; Newcastle 63; Aston Villa 58; Chelsea 56; Sheffield Wednesday 56; Wimbledon 50; Tottenham 46; Derby 46; Leeds 45; Everton 42; Blackburn 41; Southampton 41; West Ham 41; Leicester 41; Sunderland 40; Coventry 38; Middlesbrough 37; Nottingham Forest 34.

WORLD CUP
CONCACAF

El Salvador 2, Costa Rica 1
STANDINGS: Mexico 8 points; United States 5; El Salvador 4; Costa Rica 4; Jamaica 2; Canada 2.

MAJOR LEAGUE SOCCER

New York-New Jersey 1, Los Angeles 0
Dallas 3, Washington D.C. 2
STANDINGS: Eastern Conference: D.C. 13; Tampa Bay 10; New England 10; Columbus & NY-NJ 7. Western Conference: Colorado 9; Dallas & Kansas City 7; San Jose 5; Los Angeles 3.

FRENCH FIRST DIVISION

Cannes 2 Strasbourg 2
Monaco 2 Caen 2
STANDINGS: Monaco 73 points; Paris St Germain 64; Nantes 61; Bordeaux 59; Metz 59; Auxerre 58; Strasbourg 57; Lyon 56; Bastia 55; Montpellier 48; Marseille 46; Guingamp 45; Lens 44; Le Havre 42; Cannes 41; Rennes 39; Nancy 34; Lille 34; Caen 33; Nice 20.

TENNIS

AT&T CHALLENGE
SUNDAY, IN DULUTH, GEORGIA
FINAL

Marcelo Filippini, Uruguay, def. Jason Stoltenberg (7), Australia, 7-6 (7-2), 6-4.

DAVIS CUP
EUROAFRICAN ZONE, GROUP 2
IN ABIDJAN, IVORY COAST 5, LATVIA 0

TABLE TENNIS

WORLD CHAMPIONSHIPS

MONDAY, IN MANCHESTER, ENGLAND
FINALS
WOMEN'S SINGLES

Deng Yaping, China, def. Wang Nan, China, 12-21, 21-8, 21-11, 21-10.

BRONZE MEDALS

Li Ju, China and Wu Na, China

WOMEN'S DOUBLES

Deng Yaping/Yang Ying, China, def. Li Ju/Wang Nan, China, 21-17 22-20 17-21 19-21 21-11

BRONZE MEDALS

Qiao Yunping, China/Chai Po Wa, Hong Kong and Wang Hui/Cheng Hongqi, China
MEN'S SINGLES

1-Jan-Ove Waldner (Sweden) def. Vladimir Samsonov (Belarus) 21-12 21-17 21-13

BRONZE MEDALS

Kong Linghui, China and Yan Sen, China
MEN'S DOUBLES

Kong Linghui/Liu Guoliang, China, def. Jan-Ove Waldner/Jorgen Persson, Sweden, 19-21 21-15 18-21 21-13 21-17

BRONZE MEDALS

Jean-Philippe Gatien/Damien Eloi, France and Koji Matsushita/Hiroshi Shibutani, Japan

TRANSITIONS

BASEBALL
MAJOR LEAGUE BASEBALL
AMERICAN LEAGUE

ANAHEIM—Recalled RHP Dennis Springer from Vancouver, PCL. Optioned INF George Arias to Vancouver.

BALTIMORE—Agreed to terms with RHP Mike Mussina on 3-year contract extension through 2000 season.

CLEVELAND—Put RHP Paul Shuey on 15-day disabled list retroactive to April 25.

DETROIT—Claimed RHP Kevin Jarvis off waivers from Cincinnati Reds and designated him for assignment.

KANSAS CITY—Activated RHP Jeff Montgomery from 15-day disabled list. Sent Infielder Shane Halter to Omaha, AA.

MINNESOTA—Activated DH Paul Molitor from 15-day disabled list. Optioned OF Chris Latham to Salt Lake, PCL.

TEXAS—Activated OF Juan Gonzalez from 15-day disabled list. Optioned OF Marc Sagmoen to Oklahoma City, AA. Assigned INF Domingo Cedeno to Tulsa, TL on rehabilitation assignment. Put RHP Ken Hill on 15-day disabled list retroactive to May 1.

NATIONAL LEAGUE

CHICAGO—Put C-3B Tyler Houston on 15-day disabled list retroactive to May 3. Recalled C Mikie Hubbard from Iowa, AA.

FLORIDA—Recalled RHP Rob Stanifer from Charlotte, IL.

NEW YORK—Transferred RHP Jason Isringhausen from 15-day to 60-day disabled list. Put OF Lance Johnson on 15-day disabled list. Recalled OF Gary Thurman from Norfolk, IL and LHP Bill Pulsipher from his rehabilitation assignment and assigned him to St. Lucie, FSL.

PITTSBURGH—Put RHP John Ericks on 15-day disabled list. Recalled RHP Rosean Morel from Calgary, PCL.

ST. LOUIS—Activated IF Mike Gallego. Optioned RHP Rich Batchelor to Louisville, AA. Designated IF Steve Scarsone for assignment. Put LHP Donovan Osborne on 15-day disabled list. Recalled RHP Brady Raggio from Louisville, AA.

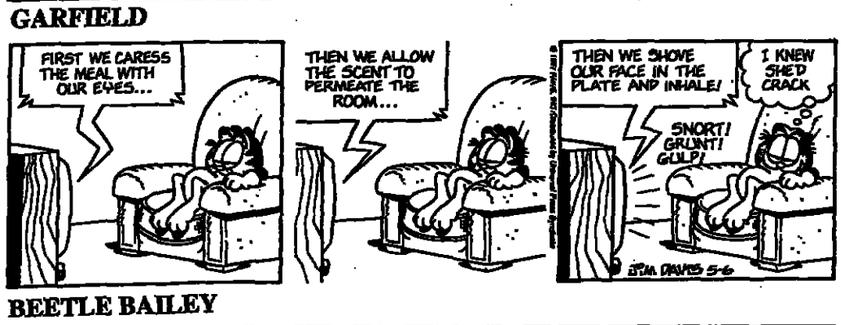
DENNIS THE MENACE

"HOW COME I HAVE TO TAKE MY NAP WHEN YOU'RE TIRED?"

PEANUTS

CALVIN AND HOBBES

GARFIELD



WIZARD of ID

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YETID
WRAFE
NATTYR
LIVOAJ

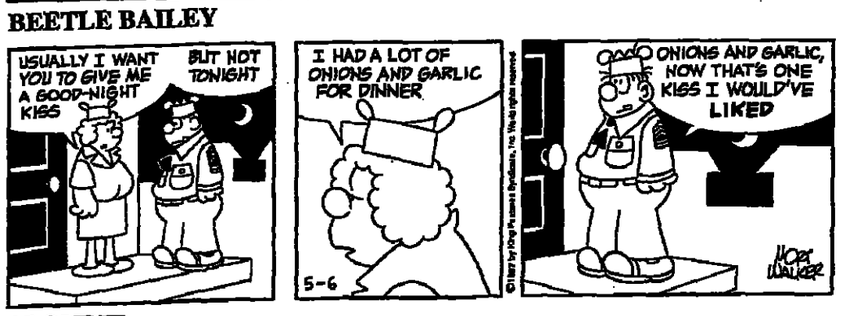
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: ____, ____!

(Answers tomorrow)

Yesterday's Jumbles: SMACK DIZZY PALACE UPROAR
Answer: What the garbage man hoped his business would do – PICK UP

BEETLE BAILEY



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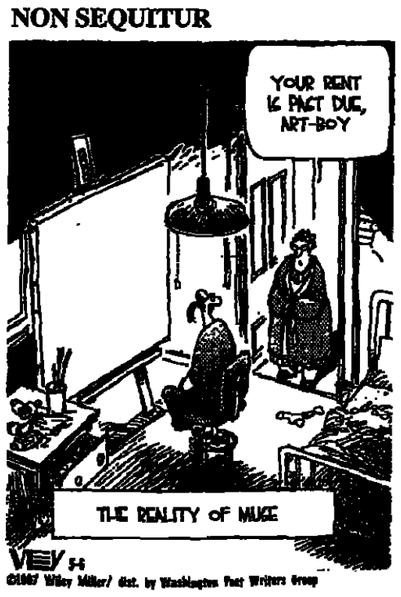

DOONESBURY

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ART BUCHWALD

Sorry, Wrong Number

WASHINGTON — Oh joy! Nynex and Bell Atlantic are merging. Two of the largest telephone companies in America will be as one because the Anti-trust Division of the Justice Department doesn't see the merger as a threat to competition.

Buchwald

I have always referred to these anti-trust lawyers as the Maytag men. They have absolutely nothing to do and any conglomerate that wants to get into bed with another conglomerate can be their guests.

Why then are some people so concerned about the $20-billion wedding party?

They fear that once the telephone company gets you by the throat, you can't even call the emergency 911 number.

□

"Hello, is this Bell Atlantic-Nynex? My phone is on the fritz and I keep getting John Gotti's voice mail."

"Did you call the Justice Department's Anti-trust Division? Ever since they gave Bell and Nynex permission to merge, they are responsible for all our phone repairs."

"I didn't know the anti-trust people did telephones."

"It's a service. When they give permission for two monoliths to merge, they have to ensure that they operate as *smoothly as they did* before the merger."

"What is the advantage to the public of letting two giants such as Bell and Nynex join forces?"

□

"It means that customers can get their bills twice as fast. They won't have to wait to find out what they owe. Also, at some point in time, the two merged institutions can agree on rate increases, which are fair and necessary to maintain the services."

"Whatever you say it still sounds like a monopoly to me."

"How can you call us that? We're just a little itty-bitty billion-dollar company spread out over seven states. We make it possible for Americans to communicate with their children and parents at reasonable rates, providing they call at three o'clock in the morning when costs are so much lower."

"Can you send someone over to fix my phone?"

"We can at $60 an hour, or you can bring your phone into the Justice Department Anti-trust Division and they will send it onto the FBI lab, where our repair center is now located."

"How did you people manage to pull the wool over the Anti-trust Division's eyes?"

"It was easy. They were all fast asleep at their desks. We promised that if they approved the merger, we would upgrade all our phone booths, which we could never afford to do before Bell and Nynex fell in love."

The Kindest Cut

Agence France-Presse

NEW DELHI — The Hindu temple of Lord Venkateswara in the state of Andhra Pradesh has earned more than $2 million from the sale of hair that devotees shave off as part of a ritual, the Press Trust of India said Monday. The tons of hair, from six and a half million people, are sold to wig makers and profits go to the upkeep of the temple.

Cannes: 50 Years of the Good, the Bad and the Sexy

By Alan Riding
New York Times Service

PARIS — It takes special talent to idolize glamour and money and still appear intellectual, yet this peculiarly French gift may well explain the perennial success of the *Cannes International Film Festival. Year in,* year out, paparazzi-driven exhibitionism and frantic deal making invade the balmy Cote d'Azur resort, yet the festival's arty image somehow prevails.

This year, at least, the pumped-up excitement preceding the festival's gala opening Wednesday seems justified.

It is the 50th festival, an occasion to reminisce on the good, the bad and the sexy of past festivals, a moment to savor Cannes's well-entrenched position as the world's top film jamboree, an excuse to gather top directors and stars for a huge party that may well draw France's president, Jacques Chirac, to the bunkerlike Palais des Festivals on Sunday.

Nostalgia, then, may set the tone for this year's festival, which runs through May 18. Expected to be on hand will be many names who have helped turn Cannes into the place to be — from directors like Robert Altman, Francis Ford Coppola, Martin Scorsese and Wim Wenders to ageless stars like Gina Lollobrigida, Claudia Cardinale, Jeanne Moreau and Catherine Deneuve. *(Related article on celebrity dressing at Cannes, Page 10.)*

Nor will the legendary names of the past be forgotten, directors like Alfred Hitchcock, Orson Welles, Luis Bunuel, Francois Truffant, Luchino Visconti, Ingmar Bergman and Federico Fellini, who shaped the early years of the festival and consolidated its reputation as a shrine of cinema as art. Of these, only Bergman is still alive. He is to be awarded a special prize Sunday, but he has no plans to collect it in person.

A spate of new books and glossy magazines has also stirred memories of Rita Hayworth, Grace Kelly, Brigitte Bardot and Sophia Loren successively conquering Cannes in the 1940s and '50s; of a little-known English actress, Simone Silva, shocking the festival in 1954 by appearing topless on a beach beside Robert Mitchum; of Truffaut and Jean-Luc Godard forcing the cancellation of the May 1968 festival halfway through, in the name of student revolution.

Whether the 50th festival can match the past with fresh movie masterpieces and delicious new scandals is uncertain. But the festival has not prospered by resting on its laurels. Rather, it has managed to stay ahead of movie festivals in Berlin and Venice and a host of smaller ones in Europe by mixing business, glitter and art.

Jack English
A scene from the festival's opener, "The Fifth Element," directed by Luc Besson.

"Cannes is the granddaddy of them all," said Harvey Weinstein, co-chairman of Miramax Films and a regular at the festival over the last 15 years. "Berlin is more businesslike, Venice is so laid-back, but Cannes is still the preeminent force. It's such a great forum. With all its pomp and circumstance, it is the most theatrical festival. It's a great circus."

Certainly, "everyone" wants to show a film in Cannes, everyone, that is, except the major Hollywood studios that prefer their own marketing and distribution networks.

"The studios will send a film to a festival only after its American career is over," said Gilles Jacob, the festival's artistic director since 1978. "They don't want to risk bad reviews in Europe. Only a handful of directors — Preminger, Coppola, Spielberg — have imposed their will on the studios and premiered their films in Cannes." Still, the festival's "everyone" does include American independent studios, like Miramax and Castle Rock Entertainment, as well as producers from the rest of the world.

This year, to find the 60 feature and short films needed for various official programs, Jacob and his advisers sat through 860 different films (compared with 730 last year).

But more than prestige drives the competition for a visible spot at Cannes. "Just having a film at Cannes means you can sell it abroad," Jacob, a 66-year-old former movie critic, said in an interview in his Paris office a few days ago. "It's worth more if it wins a prize, even more if it wins the Palme d'Or and gets a good public reception."

Jacob insists that his selection is guided only by quality, although he evidently seeks a balance between old and new talent, between artistic and popular films. Cannes is proudest when it "discovers" films that later do well around the world. Last year produced a vintage crop: three of its prize-winning films — Mike Leigh's "Secrets and Lies," Ethan and Joel Coen's "Fargo" and Lars von Trier's "Breaking the Waves" — became box office hits in the United States and won several Academy Award nominations.

But the festival also needs big stars to insure the press and television coverage that keeps Cannes's name in the public's eye. This year, the festival opens and closes with blockbusters, "The Fifth Element," directed by Luc Besson, on Wednesday, and Clint Eastwood's "Absolute Power," on May 18. Though "Absolute Power" opened in the United States three months ago, it was included simply because Eastwood represents major star firepower.

Movies that fail to be selected by the festival can still be "at Cannes" through screenings at the International Film Market, which this year will draw some 4,000 distributors, producers, directors and assorted buyers and sellers from around the world to do business in the basement of the Palais des Festivals and in hotel suites. Many of them will leave Cannes with a package of contracts in their pockets yet without having seen even one film in competition.

The festival was founded by France in 1939 as a political response to the Venice Mostra, by then dominated by Mussolini's Fascist regime.

But, on its opening night, Hitler's troops invaded Poland, World War II was declared and the festival was called off. The first proper festival, then, took place only in September 1946. (The 1948 and 1950 festivals were canceled for lack of funds, so the 50th anniversary falls this year.)

In its early years, the festival counted on glamour to make itself known. The European jet set gave memorable parties in exchange for the chance to rub shoulders with top French, British and American stars and even occasionally a Picasso or Sartre.

In the early 1950s, Cannes also reaffirmed the Anglo-American belief that the French were sexier than the rest of the world. Kirk Douglas was photographed admiring Bardot in a bikini in 1953. The unfortunate Silva's baring of herself before Mitchum prompted her expulsion from the festival. (She committed suicide a year later.) But her example would inspire innumerable starlets in the years that followed.

With its glamour-business-art strategy in place, the festival has steadily grown in size and importance.

"Cannes is the best place to meet people," said Serge Losique, executive director of the Montreal Film Festival. "You walk down the Croisette, and you see everyone. As Peter Ustinov used to say, you even meet people you want to avoid."

PEOPLE

ABOUT 7,000 people attended a concert by **Crosby, Stills and Nash** at the site at Kent State University where four students died and nine others were wounded by Ohio National Guardsmen sent to quell a protest in 1970 against the Vietnam War. The trio marked the 27th anniversary of the shootings with a performance that included "Ohio," a song written by **Neil Young** to memorialize the deaths.

□

With 12 Tony nominations, "The Life," a musical celebrating the sleaze and sex of pre-Disney Times Square, leads the field in what was a busy Broadway season. "Steel Pier," a dance marathon set in 1930s Atlantic City, was second with 11 nominations. Both were nominated for best musical, along with "Titanic" and "Juan Darien." Nominated for best play were: "The Last Night of Ballyhoo" by **Alfred Uhry**, "The Young Man from Atlanta" by **Horton Foote**, "Skylight" by **David Hare** and "Stanley" by **Pam Gems**. The nominees for best actor are **Brian Bedford** in "London Assurance," **Michael Gambon** in "Skylight," **Christopher Plummer** in "Barrymore" and **Antony Sher** in "Stanley." **Julie Harris**, a five-time Tony winner, received a nomination for best actress for her performance in the revival of "The Gin Game." She faces **Shirley Knight** in "The Young Man from Atlanta," **Lia Williams** in "Skylight" and the favorite, **Janet McTeer**, who plays Nora in the revival of Ibsen's "A Doll's House."

□

Bruce Springsteen earned 1 million kronor ($133,000) without having to sing a note, as one of two recipients of the Polar Music Prize in Stockholm. Springsteen shared this year's prize with the Swedish choral director **Eric Ericson**.

□

In a Woodstock-like atmosphere, tens of thousands of music fans congregated on the banks of the Mississippi to celebrate Memphis's rich blues heritage at the Beale Street festival, a three-day annual music event. There was a brief downpour on opening night but that didn't deter blues stars **Johnny Copeland, Luther Allison, Lonnie Brooks, R.L. Burnside** and **Coco Montoya**. But it was **Bob Dylan**, dressed in a pale blue suit and white cowboy hat, who stole the show. Like many downtown areas across urban America, Beale Street had slid into decay until 1980. With $500 million of public and private money invested since then, Beale Street is now a national historic landmark.

□

Michael Jackson will give an additional concert in Paris next month after tickets to the first have almost sold out. The concerts, on June 27 and June 29 at the 50,000-seat Parc des Princes stadium, are part of Jackson's international tour that begins in Bremen, Germany, at the end of this month.

□

The Los Angeles police stopped a vehicle driven by actor **Eddie Murphy** and arrested a cross-dressing male prostitute in Murphy's car. No charges were brought against Murphy, who was followed by an unmarked sheriff's car that was working in a "prostitution abatement zone" at 4:45 A.M. Deputies followed the vehicle for two miles after Murphy picked up **Atisone Seiuli**, 20. Bail for Seiuli, who had an outstanding warrant on prostitution charges, was set at $15,000. Murphy's attorney said the incident was an innocent mistake and that the actor had been trying to help someone he felt needed a lift home.

□

The Greek composer **Mikis Theodorakis** was treated for acute breathing problems after a three-hour concert in Berlin and has canceled all the remaining tour performances. Theodorakis, 71, who composed the music for the film "Zorba the Greek," was playing in Berlin at the start of a European tour with the Turkish singer **Zulfu Livaneli**. The tour had been scheduled to end June 13 with a concert on the demarcation line dividing the island of Cyprus between Turkish and Greek sectors.

Gary Hershorn/Reuters
David Crosby, left, Graham Nash and Stephen Stills at Kent State.

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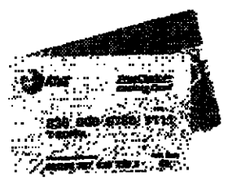

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